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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2012

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 1-14643

STERIS®

STERIS Corporation

(Exact name of registrant as specified in its charter)

Ohio	**34-1482024**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
5960 Heisley Road, Mentor, Ohio	**44060-1834**
(Address of principal executive offices)	**(Zip code)**

440-354-2600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer x	Accelerated Filer o
Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of common shares outstanding as of January 31, 2013: 58,465,549

STERIS Corporation and Subsidiaries

Form 10-Q
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PART 1—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2012	March 31, 2012
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 155,887	$ 150,821
Accounts receivable (net of allowances of $9,511 and $11,428, respectively)	248,021	280,324
Inventories, net	163,577	157,712
Deferred income taxes, net	16,235	43,211
Prepaid expenses and other current assets	38,413	19,815
Total current assets	622,133	651,883
Property, plant, and equipment, net	425,550	386,409
Goodwill and intangibles, net	709,950	337,784
Other assets	7,439	29,620
Total assets	$ 1,765,072	$ 1,405,696
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 78,169	$ 83,188
Accrued payroll and other related liabilities	49,901	29,899
Accrued SYSTEM 1 Rebate Program and class action settlement	5,549	69,065
Accrued expenses and other	94,189	96,243
Total current liabilities	227,808	278,395
Long-term indebtedness	520,890	210,000
Deferred income taxes, net	37,917	42,703
Other liabilities	58,263	51,934
Total liabilities	$ 844,878	$ 583,032
Commitments and contingencies (see note 10)		
Serial preferred shares, without par value; 3,000 shares authorized; no shares issued or outstanding	—	—
Common shares, without par value; 300,000 shares authorized; 70,040 shares issued; 58,416 and 57,733 shares outstanding, respectively	240,850	244,091
Common shares held in treasury, 11,624 and 12,307 shares, respectively	(332,782)	(350,718)
Retained earnings	1,000,952	914,401
Accumulated other comprehensive income	10,100	13,627
Total shareholders' equity	919,120	821,401
Noncontrolling interest	1,074	1,263
Total equity	920,194	822,664
Total liabilities and equity	$ 1,765,072	$ 1,405,696

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Revenues:				
Product	$ 243,722	$ 239,403	$ 689,125	$ 664,918
Service	136,683	115,812	384,561	351,643
Total revenues	380,405	355,215	1,073,686	1,016,561
Cost of revenues:				
Product	139,683	145,976	392,311	402,214
Service	87,600	71,233	237,880	210,107
Total cost of revenues	227,283	217,209	630,191	612,321
Gross profit	153,122	138,006	443,495	404,240
Operating expenses:				
Selling, general, and administrative	75,953	73,922	236,767	227,583
Research and development	10,415	9,196	29,579	26,867
Restructuring expenses	(386)	1,164	(570)	1,522
Total operating expenses	85,982	84,282	265,776	255,972
Income from operations	67,140	53,724	177,719	148,268
Non-operating expenses, net:				
Interest expense	4,207	3,005	10,586	9,083
Interest income and miscellaneous expense	(338)	(373)	(629)	(948)
Total non-operating expenses, net	3,869	2,632	9,957	8,135
Income before income tax expense	63,271	51,092	167,762	140,133
Income tax expense	15,174	17,443	49,166	48,189
Net income	$ 48,097	$ 33,649	$ 118,596	$ 91,944
Net income per common share				
Basic	$ 0.82	$ 0.58	$ 2.04	$ 1.57
Diluted	$ 0.82	$ 0.58	$ 2.02	$ 1.55
Cash dividends declared per common share outstanding	$ 0.19	$ 0.17	$ 0.55	$ 0.49

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	**2011**	**2012**	**2011**
Net income	$ 48,097	$ 33,649	118,596	91,944
Unrealized gain (loss) on available for sale securities	(3)	132	(20)	(122)
Amortization of pension and postretirement benefit plans costs, net of taxes	(184)	(269)	(543)	(809)
Change in cumulative foreign currency translation adjustment	2,269	(9,823)	(2,964)	(23,776)
Total other comprehensive income (loss)	2,082	(9,960)	(3,527)	(24,707)
Comprehensive income	$ 50,179	$ 23,689	$ 115,069	$ 67,237

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended December 31,	
	2012	**2011**
Operating activities:		
Net income	$ 118,596	$ 91,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	48,508	46,288
Deferred income taxes	22,064	22,758
Share-based compensation expense	6,353	5,799
Loss on the disposal of property, plant, equipment, and intangibles, net	292	376
Other items	(211)	(1,595)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	52,889	20,019
Inventories, net	10,065	(2,404)
Other current assets	(17,366)	(6,954)
Accounts payable	(13,397)	(21,127)
Accrued SYSTEM 1 Rebate Program and class action settlement	(63,516)	(27,449)
Accruals and other, net	16,659	(14,816)
Net cash provided by operating activities	180,936	112,839
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	(63,878)	(54,238)
Proceeds from the sale of property, plant, equipment, and intangibles	29	—
Acquisition of business, net of cash acquired	(399,415)	(22,269)
Net cash used in investing activities	(463,264)	(76,507)
Financing activities:		
Proceeds from the issuance of long-term obligations	100,000	—
Proceeds under credit facilities, net	210,890	—
Deferred financing fees and debt issuance costs	(1,581)	—
Repurchases of common shares	(7,893)	(56,751)
Cash dividends paid to common shareholders	(32,045)	(28,751)
Stock option and other equity transactions, net	14,517	3,749
Tax benefit from stock options exercised	2,161	816
Net cash provided by (used in) financing activities	286,049	(80,937)
Effect of exchange rate changes on cash and cash equivalents	1,345	(4,624)
Increase (decrease) in cash and cash equivalents	5,066	(49,229)
Cash and cash equivalents at beginning of period	150,821	193,016
Cash and cash equivalents at end of period	$ 155,887	$ 143,787

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Nine Months Ended December 31, 2012 and 2011
(dollars in thousands, except per share amounts)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

STERIS Corporation, an Ohio corporation, develops, manufactures and markets infection prevention, contamination control, microbial reduction, and surgical and critical care support products and services for healthcare, pharmaceutical, scientific, research, industrial, and governmental Customers throughout the world. As used in this Quarterly Report, STERIS Corporation and its subsidiaries together are called "STERIS," the "Company," "we," "us," or "our," unless otherwise noted.

We operate in three reportable business segments: Healthcare, Life Sciences, and STERIS Isomedix Services ("Isomedix"). We describe our business segments in note 11 to our consolidated financial statements titled, "Business Segment Information." Our fiscal year ends on March 31. References in this Quarterly Report to a particular "year" or "year-end" mean our fiscal year. The significant accounting policies applied in preparing the accompanying consolidated financial statements of the Company are summarized below:

Interim Financial Statements

We prepared the accompanying unaudited consolidated financial statements of the Company according to accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. This means that they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Our unaudited interim consolidated financial statements contain all material adjustments (including normal recurring accruals and adjustments) management believes are necessary to fairly state our financial condition, results of operations, and cash flows for the periods presented.

These interim consolidated financial statements should be read together with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012. The Consolidated Balance Sheet at March 31, 2012 was derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Principles of Consolidation

We use the consolidation method to report our investment in our subsidiaries. Therefore, the accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. We eliminate inter-company accounts and transactions when we consolidate these accounts.

Use of Estimates

We make certain estimates and assumptions when preparing financial statements according to U.S. GAAP that affect the reported amounts of assets and liabilities at the financial statement dates and the reported amounts of revenues and expenses during the periods presented. These estimates and assumptions involve judgments with respect to many factors that are difficult to predict and are beyond our control. Actual results could be materially different from these estimates. We revise the estimates and assumptions as new information becomes available. This means that operating results for the three and nine month periods ended December 31, 2012 are not necessarily indicative of results that may be expected for future quarters or for the full fiscal year ending March 31, 2013.

Recently Adopted Accounting Pronouncements

In June 2011, the FASB issued an accounting standard update titled "Presentation of Comprehensive Income," amending Accounting Standards Codification ASC Topic 220, "Comprehensive Income." This guidance requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance became effective retrospectively for the interim periods and annual periods beginning after December 15, 2011; however, the FASB agreed to an indefinite deferral of the reclassification requirement as defined in accounting standard update titled "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income," issued in December 2011. As required by the standard, Consolidated Statements of Comprehensive Income have been presented. The adoption of this standard did not have an impact on our consolidated financial position, results of operations or cash flows.

In July 2012, the FASB issued an accounting standards update titled "Testing Indefinite-Lived Intangible Assets for Impairment," amending certain sections of Subtopic 350-30 Intangibles-Goodwill and Other-General Intangibles Other than Goodwill. This amended guidance allows an entity to first assess qualitative factors to determine if it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If based on its qualitative assessment an entity concludes it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. The standards update is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The anticipated adoption of this standard is not expected to impact our consolidated financial position, results of operations or cash flows.

Significant Accounting Policies

A detailed description of our significant and critical accounting policies, estimates, and assumptions is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012. Our significant and critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2012 with the exception of the estimates associated with the SYSTEM 1 Rebate Program and class action settlement.

SYSTEM 1 Rebate Program and Class Action Settlement

The SYSTEM 1 Rebate Program (the "Rebate Program") was initially recognized during the first quarter of fiscal 2011. The rebate portion of the Rebate Program was recognized as contra-revenue consistent with other returns and allowances offered to Customers. The estimated costs to facilitate the disposal of the returned SYSTEM 1 processors portion of the Rebate Program were recognized as cost of revenues. Both components are recorded as current liabilities. The key assumptions involved in the estimates associated with the Rebate Program included: the number and age of SYSTEM 1 processors eligible for rebates under the Rebate Program, the number of Customers that would elect to participate in the Rebate Program, the proportion of Customers that would choose each rebate option, and the estimated per unit costs of disposal.

The Rebate Program ended August 2, 2012. Through December 31, 2012, Customers have utilized or committed to utilize rebates totaling approximately $66,600 on orders placed since the initiation of the Rebate Program. Additional Customer orders utilizing rebates are not anticipated although exceptions can be made at the discretion of the Company and existing orders may be modified or canceled by Customers. Remaining disposal costs are based on the actual costs experienced to date.

During the second quarter of fiscal 2013, we adjusted the liability related to the Rebate Program. The total pre-tax adjustment was $21,500, of which $20,400 was recorded as an increase to revenue for the Customer rebate portion, and $1,100 was recorded as a reduction to cost of revenues related to the disposal portion of the liability. This adjustment resulted primarily from a lower number of eligible Customers electing to participate in the Rebate Program than previously estimated. The remaining recorded accrual is $4,312 as of December 31, 2012.

(dollars in thousands, except per share amounts)

The SYSTEM 1 class action settlement was initially recognized during the third quarter of fiscal 2011. The claim submission deadline was December 31, 2012. As a result during the third quarter of fiscal 2013, we adjusted the liability related to the SYSTEM 1 class action settlement. The pretax adjustment of $15,800, was recorded as a reduction to operating expenses. The remaining recorded accrual is $1,237 as of December 31, 2012 and is based on actual claims submitted through December 31, 2012.

2. Restructuring

The following summarizes our restructuring plans announced in prior fiscal years. We recognize restructuring expenses as incurred. In addition, we assess the property, plant and equipment associated with the related facilities for impairment. Additional information regarding our restructuring plans is included in our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

Fiscal 2010 Restructuring Plan

During the fourth quarter of fiscal 2010 we adopted a restructuring plan primarily related to the transfer of the remaining operations in our Erie, Pennsylvania facility to the U.S. headquarters in Mentor, Ohio and the consolidation of our European Healthcare manufacturing operations into two central locations within Europe (the "Fiscal 2010 Restructuring Plan"). In addition, we rationalized certain products and eliminated certain positions.

Since the inception of the Fiscal 2010 Restructuring Plan, we have incurred pre-tax expenses totaling $8,171 related to these actions, of which $7,065 was recorded as restructuring expenses and $1,106 was recorded in cost of revenues. We do not expect to incur any significant additional restructuring expenses related to this plan. These actions are intended to enhance profitability and improve efficiencies.

The following table summarizes our total pre-tax restructuring expenses for the third quarter of fiscal 2013 and fiscal 2012:

	Fiscal 2010 Restructuring Plan	
Three Months Ended December 31,	**2012**	**2011 (1)**
Severance and other compensation related costs	$ (386)	$ 7
Asset impairment and accelerated depreciation	—	1,157
Lease termination obligation and other	—	3
Total restructuring charges	$ (386)	$ 1,167

(1) Includes $3 in charges recorded in cost of revenues on Consolidated Statements of Income for fiscal 2012.

The following table summarizes our total pre-tax restructuring expenses for the first nine months of fiscal 2013 and fiscal 2012:

	Fiscal 2010 Restructuring Plan		Fiscal 2008 Restructuring Plan		Total	
Nine Months Ended December 31,	**2012**	**2011 (1)**	**2012**	**2011**	**2012**	**2011 (1)**
Severance and other compensation related costs	$ (553)	$ (73)	$ —	$ —	$ (553)	$ (73)
Product rationalization	—	335	—	—	—	335
Asset impairment and accelerated depreciation	(17)	1,341	—	—	(17)	1,341
Lease termination obligation and other	—	3	—	(152)	—	(149)
Total restructuring charges	$ (570)	$ 1,606	$ —	$ (152)	$ (570)	$ 1,454

(1) Includes $(68) in charges recorded in cost of revenues on Consolidated Statements of Income for fiscal 2012.

(dollars in thousands, except per share amounts)

Liabilities related to restructuring activities are recorded as current liabilities on the accompanying Consolidated Balance Sheets within “Accrued payroll and other related liabilities” and “Accrued expenses and other.” The following table summarizes our liabilities related to these restructuring activities:

	Fiscal 2010 Restructuring Plan			
		Fiscal 2013		
	March 31, 2012	Provision (1)	Payments/ Impairments (2)	December 31, 2012
Severance and termination benefits	$ 659	$ (553)	$ 326	$ 432
Asset impairments and accelerated depreciation	—	(17)	17	—
Lease termination obligations	947	—	(791)	156
Other	76	—	(76)	—
Total	$ 1,682	$ (570)	$ (524)	$ 588

(1) Includes curtailment benefit of $495 related to International defined benefit plan. Additional information is included in note 9, "Benefit Plans."
(2) Certain amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

3. Property, Plant and Equipment

Information related to the major categories of our depreciable assets is as follows:

	December 31, 2012	March 31, 2012
Land and land improvements (1)	$ 36,129	$ 33,099
Buildings and leasehold improvements	238,010	230,823
Machinery and equipment	318,912	301,665
Information systems	94,094	110,130
Radioisotope	233,564	210,899
Construction in progress (1)	43,396	22,811
Total property, plant, and equipment	964,105	909,427
Less: accumulated depreciation and depletion	(538,555)	(523,018)
Property, plant, and equipment, net	$ 425,550	$ 386,409

(1) Land is not depreciated. Construction in progress is not depreciated until placed in service.

4. Business Acquisitions

United States Endoscopy Group, Inc.

In August 2012, we completed the acquisition of all the outstanding shares of capital stock of United States Endoscopy Group, Inc. (“US Endoscopy”) pursuant to a Stock Purchase Agreement dated July 16, 2012 with US Endoscopy and its shareholders. The purchase price was approximately $270,000, plus a working capital adjustment of $2,145, which was paid during the third quarter of fiscal year 2013. In addition, we purchased all real estate used in the US Endoscopy business for approximately $7,000, including properties owned by two US Endoscopy affiliates. We did not assume any existing debt in connection with the purchases. The purchases were financed by a combination of cash on hand and borrowings under our existing credit facility. US Endoscopy will be integrated into the Healthcare segment.

(dollars in thousands, except per share amounts)

The following table summarizes the allocation of the purchase price to the net assets acquired based on fair values at the acquisition date.

Cash	$	767
Accounts receivable		8,291
Inventory		7,228
Property, plant and equipment		12,457
Other assets		913
Intangible assets		144,000
Goodwill		111,261
Total assets acquired		**284,917**
Accounts payable		(2,167)
Other liabilities		(3,243)
Total liabilities assumed		**(5,410)**
Net assets acquired	**$**	**279,507**

We recorded acquisition related costs of $3,788, before tax, which are reported in selling, general and administrative expenses. We anticipate that the acquisition will qualify for a joint election tax benefit under Section 338(h)(10) of the Internal Revenue Code, which allows goodwill and intangibles to be fully deductible for tax purposes. The intangible assets acquired consist of trademarks, trade names and developed technologies, which will be amortized on a straight line basis over thirteen to fifteen years, with the exception of the US Endoscopy trade name which has an as indefinite life.

The Consolidated Financial Statements include the operating results of US Endoscopy from the date of acquisition. Pro-forma results of operations for fiscal 2013 and 2012 periods have not been presented because the effects of the acquisition were not material to our financial results.

Spectrum Surgical Instruments Corp and Total Repair Express

In October 2012, we purchased two privately-owned businesses: Spectrum Surgical Instruments Corp ("Spectrum") and Total Repair Express ("TRE"), providers of surgical instrument repair services and instrument care products to hospitals and surgery centers in the United States. The aggregate purchase price of approximately $110,000, including contingent consideration, was financed with borrowings under the existing credit facility. The instrument repair business will be integrated into the Healthcare business segment.

The following table summarizes the preliminary allocation of the purchase price to the net assets acquired in the Spectrum and TRE acquisitions, based on fair values at the acquisition date. The purchase price will be finalized after settlement of working capital adjustments and finalization of valuation analyses.

(dollars in thousands, except per share amounts)

Cash	$	424
Accounts receivable		11,568
Inventory		5,107
Property, plant and equipment		5,145
Other assets		295
Intangible assets		41,500
Goodwill		50,529
Total assets acquired		**114,568**
Accounts payable		(5,052)
Other liabilities		(3,460)
Total liabilities assumed		**(8,512)**
Net assets acquired	**$**	**106,056**

We recorded acquisition related costs of $1,880, before tax, which are reported in selling, general and administrative expenses. We anticipate that the acquisition of Spectrum will qualify for a joint election tax benefit under Section 338(h)(10) of the Internal Revenue Code, which allows goodwill and intangibles to be fully deductible for tax purposes. The intangible assets acquired consist of trademarks, customer relationships and non-complete arrangements, which will be amortized on a straight line basis over one to fifteen years.

The Consolidated Financial Statements include the operating results of Spectrum and TRE from the date of acquisition. Pro-forma results of operations for fiscal 2013 and 2012 periods have not been presented because the effects of the acquisition were not material to our financial results.

VTS Medical Systems, LLC

In December 2012, we purchased the remaining interests in our VTS Medical Systems, LLC ("VTS") joint venture. The joint venture began in fiscal 2009, and we increased our ownership of the joint venture to just under 50% during fiscal 2011. With this final investment, VTS is now a wholly-owned subsidiary of STERIS and will be integrated into the Healthcare business segment. We purchased the remaining interests for a total of approximately $19,000, comprised of cash at closing and deferred cash payments to be paid over a ten year period.

We consolidated VTS for the first time in the third quarter of fiscal 2013. The following table summarizes the net assets included in the December 31, 2012 consolidated balance sheet including the preliminary allocation of the purchase price based on estimated fair values at the closing date. The consolidation had no impact on the consolidated statements of income for the period ended December 31, 2012. Valuations of the assets acquired and the equity interest held prior to the closing date are in process. Upon completion, the gain or loss on remeasurement to fair value of the equity interest will be recognized and the allocation of purchase price will be finalized.

(dollars in thousands, except per share amounts)

Cash	$	1,703
Accounts receivable		294
Inventory		4,280
Property, plant and equipment		1,613
Other assets		69
Goodwill		34,435
Total assets		**42,394**
Accounts payable		(1,718)
Other liabilities		(1,896)
Total liabilities		**(3,614)**
Net assets consolidated	**$**	**38,780**

5. Inventories, Net

Inventories, net are stated at the lower of cost or market. We use the last-in, first-out ("LIFO") and first-in, first-out cost methods. An actual valuation of inventory under the LIFO method is made only at the end of the fiscal year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and are subject to the final fiscal year-end LIFO inventory valuation. Inventory costs include material, labor, and overhead. Inventories, net consisted of the following:

	December 31, 2012	March 31, 2012
Raw materials	$ 59,416	$ 56,525
Work in process	26,375	25,236
Finished goods	105,389	109,422
LIFO reserve	(15,783)	(18,158)
Reserve for excess and obsolete inventory	(11,820)	(15,313)
Inventories, net	$ 163,577	$ 157,712

6. Debt

Indebtedness was as follows:

	December 31, 2012	March 31, 2012
Private Placement	$ 310,000	$ 210,000
Credit facility	210,890	—
Total long term debt	$ 520,890	$ 210,000

At the end of the third quarter, we had $210,890 of borrowings that were outstanding under our credit facility. In October 2012, our credit facility was amended to increase the amount of credit available by an additional $100,000, thereby increasing the maximum borrowing limit to $400,000. During December 2012, we issued $100,000 in senior notes in a private placement to certain institutional investors in an offering that was exempt from the registration requirement of the Securities Act of 1933. Of the $100,000 of notes, $47,500 had a maturity of 10 years at an annual interest rate of 3.20%, an additional $40,000 had a maturity of 12 years at an annual interest rate of 3.35%, and the remaining $12,500 had a maturity of 15 years at an annual interest rate of 3.55%. These borrowings were used primarily for the repayment of existing credit facility debt. We issued another $100,000 of notes to the same purchasers in early February 2013. With respect to the $100,000 of notes issued in February 2013, $47,500 had a maturity of 9 years and 10 months at an annual interest rate of 3.20%, an additional $40,000 had

(dollars in thousands, except per share amounts)

a maturity of 11 years and 10 months at an annual interest rate of 3.35%, and the remaining $12,500 had a maturity of 14 years and 10 months at an annual interest rate of 3.55%.

Additional information regarding our indebtedness is included in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

7. Additional Consolidated Balance Sheet Information

Additional information related to our Consolidated Balance Sheets is as follows:

	December 31, 2012	March 31, 2012
Accrued payroll and other related liabilities:		
Compensation and related items	$ 17,508	$ 9,273
Accrued vacation/paid time off	8,282	6,583
Accrued bonuses	12,087	750
Accrued employee commissions	8,503	9,845
Other postretirement benefit obligations-current portion	3,256	3,255
Other employee benefit plans' obligations-current portion	265	193
Total accrued payroll and other related liabilities	$ 49,901	$ 29,899
Accrued expenses and other:		
Deferred revenues	$ 47,763	$ 51,412
Self-insured risk reserves-current portion	3,154	3,006
Accrued dealer commissions	8,211	9,171
Accrued warranty	12,799	11,189
Other	22,262	21,465
Total accrued expenses and other	$ 94,189	$ 96,243
Other liabilities:		
Self-insured risk reserves-long-term portion	$ 8,786	$ 8,786
Other postretirement benefit obligations-long-term portion	19,672	21,639
Defined benefit pension plans obligations-long-term portion	6,643	9,881
Other employee benefit plans obligations-long-term portion	4,639	4,486
Accrued long-term income taxes	12,254	1,925
Other	6,269	5,217
Total other liabilities	$ 58,263	$ 51,934

8. Income Tax Expense

Income tax expense includes United States federal, state and local, and foreign income taxes, and is based on reported pre-tax income. The effective income tax rates for the three-month periods ended December 31, 2012 and 2011 were 24.0% and 34.1%, respectively. The effective income tax rates for the nine-month periods ended December 31, 2012 and 2011 were 29.3% and 34.4%, respectively. During the first nine months of fiscal 2013, we benefited from higher projected income in lower rate tax jurisdictions, a large favorable discrete item adjustment due to the realization of a deduction related to the closure of our Swiss manufacturing operations, and other discrete item adjustments.

Income tax expense is provided on an interim basis based upon our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. In determining the estimated annual effective income tax rate, we analyze various factors, including projections of our annual earnings and taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes, our ability to use tax credits and net operating loss carry forwards, and available tax planning alternatives.

As of March 31, 2012, we had $1,527 in unrecognized tax benefits, of which $1,242 would favorably impact the effective tax rate if recognized. As of December 31, 2012, we had $10,884 in unrecognized tax benefits, of which $10,599 would

(dollars in thousands, except per share amounts)

favorably impact the effective tax rate if recognized. The increase in unrecognized tax benefits relates to a fiscal 2012 tax position. We believe that it is reasonably possible that unrecognized tax benefits could decrease by up to $10,481 within 12 months of December 31, 2012, primarily as a result of settlements with tax authorities. As of December 31, 2012, we have recognized a liability for interest of $1,305 and penalties of $64.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various United States federal, state and local, as well as foreign jurisdictions. We are no longer subject to United States federal examinations for years before fiscal 2010 and, with limited exceptions, we are no longer subject to United States state and local, or non-United States, income tax examinations by tax authorities for years before fiscal 2008. We remain subject to tax authority audits in various jurisdictions wherever we do business. We do not expect the results of these examinations to have a material adverse affect on our consolidated financial statements.

9. Benefit Plans

We provide defined benefit pension plans for certain current and former manufacturing and plant administrative personnel throughout the world as determined by collective bargaining agreements or employee benefit standards set at the time of acquisition of certain businesses. In addition to providing pension benefits to certain employees, we sponsor an unfunded postretirement welfare benefits plan for two groups of United States employees, including the same employees who receive pension benefits under the United States defined benefit pension plan. Benefits under this plan include retiree life insurance and retiree medical coverage, including prescription drug coverage. Additional information regarding our defined benefit pension plans and other postretirement benefits plan is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012.

Components of the net periodic benefit cost for our defined benefit pension plans and other postretirement medical benefits plan were as follows:

	Defined Benefit Pension Plans				Other Postretirement Benefits Plan	
	U.S. Qualified		International			
Three Months Ended December 31,	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Service cost	$ 37	$ 51	$ 21	$ 114	$ —	$ —
Interest cost	523	609	19	66	217	248
Expected return on plan assets	(834)	(821)	(25)	(67)	—	—
Amortization of loss	333	267	—	—	181	106
Curtailment	—	—	(386)	—	—	—
Amortization of prior service cost	—	—	—	—	(816)	(816)
Net periodic benefit cost (income)	$ 59	$ 106	$ (371)	$ 113	$ (418)	$ (462)

	Defined Benefit Pension Plans				Other Postretirement Benefits Plan	
	U.S. Qualified		International			
Nine Months Ended December 31,	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Service cost	$ 112	$ 154	$ 63	$ 341	$ —	$ —
Interest cost	1,569	1,828	56	198	650	743
Expected return on plan assets	(2,503)	(2,463)	(74)	(201)	—	—
Amortization of loss	1,000	799	—	—	544	319
Curtailment	—	—	(495)	—	—	—
Amortization of prior service cost	—	—	—	—	(2,447)	(2,447)
Net periodic benefit cost (income)	$ 178	$ 318	$ (450)	$ 338	$ (1,253)	$ (1,385)

We contribute amounts to the defined benefit pension plans at least sufficient to meet the minimum requirements as stated in applicable employee benefit laws and local tax laws. We record liabilities for the difference between the fair value of the plan

assets and the benefit obligation (the projected benefit obligation for pension plans and the accumulated postretirement benefit obligation for other postretirement benefits plans) on our accompanying Consolidated Balance Sheets.

10. Commitments and contingencies

We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation), financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We believe we have adequately reserved for our current litigation and claims that are probable and estimable, and further believe that the ultimate outcome of these pending lawsuits and claims will not have a material adverse affect on our consolidated financial position or results of operations taken as a whole. Due to their inherent uncertainty, however, there can be no assurance of the ultimate outcome or effect of current or future litigation, investigations, claims or other proceedings (including without limitation the matters discussed below). For certain types of claims, we presently maintain insurance coverage for personal injury and property damage and other liability coverages in amounts and with deductibles that we believe are prudent, but there can be no assurance that these coverages will be applicable or adequate to cover adverse outcomes of claims or legal proceedings against us.

As previously disclosed, we received a warning letter (the “warning letter”) from the FDA on May 16, 2008 regarding our SYSTEM 1® sterile processor and the STERIS 20 sterilant used with the processor (sometimes referred to collectively in the FDA letter and in this note 10 as the “device”). Among other matters, the warning letter included the FDA's assertion that significant changes or modifications had been made in the design, components, method of manufacture, or intended use of the device beyond the FDA's 1988 clearance, such that the FDA believed a new premarket notification submission (known within FDA regulations as a 510(k) submission) should have been made, and the assertion that our failure to make such a submission resulted in violations of applicable law. On July 30, 2008 (with an Addendum on October 9, 2008), we provided a detailed response contending that the assertions in the warning letter were not correct. On November 4, 2008, we received a letter from the FDA (dated November 3, 2008) in which the FDA stated without elaboration that, after reviewing our response, it disagreed with our position and that a new premarket notification submission was required. After discussions with the FDA regarding the November 3rd letter, we received an additional letter on November 6, 2008 from the FDA. The November 6th letter stated that the intent of the November 3rd letter was to inform us of the FDA's preliminary disagreement with our response to the warning letter and, before finalizing a position, the FDA reiterated that it wanted to meet with us to discuss the Company's response, issues related to the warning letter and next steps to resolve any differences between the Company and the FDA. We thereafter met with the FDA and, on January 20, 2009, we announced that we had submitted to the FDA a new liquid chemical sterilant processing system for 510(k) clearance, and we communicated to Customers that we would continue supporting the existing SYSTEM 1 installed base in the U.S. for at least a two year period from that date.

On December 3, 2009, the FDA provided a notice (“notice”) to healthcare facility administrators and infection control practitioners describing FDA's “concerns about the SYSTEM 1 Processor, components and accessories, and FDA recommendations.” In the notice, among other things, FDA stated its belief that the SYSTEM 1 device had been significantly modified, that FDA had not cleared or approved the modified device, and that FDA had not determined whether the SYSTEM 1 was safe or effective for its labeled claims. The notice further stated that use of a device that does not properly sterilize or disinfect a medical or surgical device poses risks to patients and users, including the transmission of pathogens, exposure to hazardous chemicals and may affect the quality and functionality of reprocessed instruments. The notice stated that FDA was aware of reports of malfunctions of the SYSTEM 1 that had the potential to cause or contribute to serious injuries to patients, such as infections, or injuries to healthcare staff, such as burns. Included in FDA's December 3, 2009 notice was a recommendation from FDA that if users had acceptable alternatives to meet sterilization and disinfection needs, they should transition to that alternative as soon as possible. After its December 3, 2009 notice, we engaged in extensive discussions with the FDA regarding a comprehensive resolution of this matter. On February 2, 2010, the FDA notified healthcare facility administrators and infection control practitioners that FDA's total recommended time period for transitioning from SYSTEM 1 in the U.S. was 18 months from that date.

On April 5, 2010, we received FDA clearance of the new liquid chemical sterilant processing system (SYSTEM 1E). Also in April 2010 we reached agreement with the FDA on the terms of a consent decree ("Consent Decree"). On April 19, 2010, a Complaint and Consent Decree were filed in the U.S. District Court for the Northern District of Ohio, and on April 20, 2010, the Court approved the Consent Decree. In general, the Consent Decree addresses regulatory matters regarding SYSTEM 1, restricts further sales of SYSTEM 1 processors in the U.S., defines certain documentation and other requirements for continued service and support of SYSTEM 1 in the U.S., prohibits the sale of liquid chemical sterilization or disinfection products in the U.S. that do not have FDA clearance, describes various process and compliance matters, and defines penalties in the event of violation of the Consent Decree.

The Consent Decree also provides that we may continue to support our Customers' use of SYSTEM 1 in the U.S., including the sale of consumables, parts and accessories and service for a transition period, not to extend beyond August 2, 2011 (later extended by FDA to August 2, 2012), subject to compliance with requirements for documentation of the Customer's need for continued support and other conditions and limitations (the "Transition Plan"). Our Transition Plan included the "SYSTEM 1 Rebate Program" (the "Rebate Program"). In April 2010, we began to offer rebates to qualifying Customers. Generally, U.S. Customers that purchased SYSTEM 1 processors directly from us or who were users of SYSTEM 1 at the time the Rebate Program was introduced and who returned their units had the option of either a pro-rated cash rebate or a rebate toward the future purchase of new STERIS capital equipment (including SYSTEM 1E) or consumable products. In addition, we provided credits for the return of SYSTEM 1 consumables in unbroken packaging and within shelf life and for the unused portion of SYSTEM 1 service contracts.

The Rebate Program ended August 2, 2012. Through December 31, 2012, Customers have utilized or committed to utilize rebates totaling approximately $66,600 on orders placed since the initiation of the Rebate Program. Additional Customer orders utilizing rebates are not anticipated although exceptions can be made at the discretion of the Company and existing orders may be modified or canceled by Customers. Remaining disposal costs are based on the actual costs experienced to date. During the second quarter of fiscal 2013, we adjusted the liability related to the Rebate Program. The total pre-tax adjustment was $21,500, of which $20,400 was recorded as an increase to revenue for the Customer Rebate portion, and $1,100 was recorded as a reduction to cost of revenues related to the disposal portion of the liability. This adjustment resulted primarily from a lower number of eligible Customers electing to participate in the Rebate Program than previously estimated. The remaining recorded accrual is $4,312 as of December 31, 2012.

The Consent Decree has defined the resolution of a number of issues regarding SYSTEM 1, and we believe our actions with respect to SYSTEM 1, including the Transition Plan, were and are not recalls, corrections or removals under FDA regulations. However, there is no assurance that these or other claims will not be brought or that judicial, regulatory, administrative or other legal or enforcement actions, notices or remedies will not be pursued, or that action will not be taken in respect of the Consent Decree, the Transition Plan, SYSTEM 1, or otherwise with respect to regulatory or compliance matters, as described in this note 10 and in various portions of Item 1A. of Part I of our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

In December of 2010, we began shipping SYSTEM 1E units, after having received FDA clearance for the SYSTEM 1E chemical indicator, which is used in conjunction with the SYSTEM 1E. We also submitted a 510(k) to FDA for an optional spore-based indicator strip for use with SYSTEM 1E. Thereafter, as a result of discussions with FDA, we filed a de novo submission requesting classification of this strip in accordance with Section 513(f)(2) of the Federal Food Drug & Cosmetic Act. The de novo process is part of the initial classification for new devices. This spore-based monitoring strip received FDA clearance on March 30, 2012. This new clearance does not affect the prior clearance of the SYSTEM 1E processor or the SYSTEM 1E chemical indicator.

On February 5, 2010, a complaint was filed by a Customer that claimed to have purchased two SYSTEM 1 devices from STERIS, Physicians of Winter Haven LLC d/b/a Day Surgery Center v. STERIS Corp., Case No. 1:1-cv-00264-CAB (N.D. Ohio). The complaint alleged statutory violations, breaches of various warranties, negligence, failure to warn, and unjust enrichment and Plaintiff sought class certification, damages, and other legal and equitable relief including, without limitation, attorneys' fees and an order requiring STERIS to replace, recall or adequately repair the product and/or to take appropriate regulatory action. On February 7, 2011 we entered into a settlement agreement in which we agreed, among other things, to provide various categories of economic relief for members of the settlement class and not object to plaintiff's counsel's application to the court for attorneys' fees and expenses up to a specified amount. Certification of a settlement class was approved and final approval of the settlement was given by the court in the first quarter of fiscal 2012. During the third quarter of fiscal 2011, we recorded in operating expenses a pre-tax charge of approximately $19,796 related to the settlement of these proceedings. The assumptions regarding the amount of this charge included, among others, the portion of class members participating in the settlement and their choice of the categories of economic relief available for such members. The claim

submission deadline was December 31, 2012. As a result, during the third quarter of fiscal 2013, we adjusted the liability related to the SYSTEM 1 class action settlement. The pretax adjustment of $15,800, was recorded as a reduction to operating expenses. The remaining recorded accrual is $1,237 as of December 31, 2012 and based on actual claims submitted through December 31, 2012.

On May 31, 2012, our Albert Browne Limited subsidiary received a warning letter from the FDA regarding chemical indicators manufactured in the United Kingdom. These devices are intended for the monitoring of certain sterilization and other processes. The FDA warning letter states that the agency has concerns regarding operational business processes. We do not believe that the FDA's concerns are related to product performance, or that they result from Customer complaints. We have reviewed our processes with the agency and finalized our remediation measures, and are awaiting FDA reinspection. We do not currently believe that the impact of this event will have a material adverse effect on our financial results.

Other civil, criminal, regulatory or other proceedings involving our products or services also could possibly result in judgments, settlements or administrative or judicial decrees requiring us, among other actions, to pay damages or fines or effect recalls, or be subject to other governmental, Customer or other third party claims or remedies, which could materially affect our business, performance, prospects, value, financial condition, and results of operations.

For additional information regarding these matters, see the following portions of our Annual Report on Form 10-K for the fiscal year ended March 31, 2012: “Business - Information with respect to our Business in General - Government Regulation”, and the “Risk Factor” titled “We may be adversely affected by product liability claims or other legal actions or regulatory or compliance matters, including the Warning Letter and Consent Decree” and the "Risk Factor” titled “Compliance with the Consent Decree may be more costly and burdensome than anticipated.”

From time to time, STERIS is also involved in legal proceedings as a plaintiff involving contract, patent protection, and other claims asserted by us. Gains, if any, from these proceedings are recognized when they are realized.

We are subject to taxation from United States federal, state and local, and foreign jurisdictions. Tax positions are settled primarily through the completion of audits within each individual jurisdiction or the closing of statutes of limitation. Changes in applicable tax law or other events may also require us to revise past estimates.

Additional information regarding our contingencies is included in Item 7 of Part II titled, “Management's Discussion and Analysis of Financial Conditions and Results of Operations,” of our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012, and in Item 1 of Part II of this Form 10-Q titled, “Legal Proceedings.”

11. Business Segment Information

We operate and report in three business segments: Healthcare, Life Sciences, and Isomedix. Corporate and other, which is presented separately, contains the Defense and Industrial business unit plus costs that are associated with being a publicly traded company and certain other corporate costs.

Our Healthcare segment manufactures and sells capital equipment, accessory, consumable, and service solutions to healthcare providers, including acute care hospitals and surgery centers. These solutions aid our Customers in improving the safety, quality, and productivity of their surgical, sterile processing, gastrointestinal, and emergency environments.

Our Life Sciences segment manufactures and sells engineered capital equipment, formulated cleaning chemistries, and service solutions to pharmaceutical companies, and private and public research facilities around the globe.

Our Isomedix segment operates through a network of facilities located in North America. We sell a comprehensive array of materials processing services using gamma irradiation, and ethylene oxide (“EO”) technologies. We provide microbial reduction services based on Customer specifications to companies that supply products to the healthcare, industrial, and consumer products industries.

Operating income (loss) for each segment is calculated as the segment’s gross profit less direct expenses and indirect cost allocations, which results in the full allocation of all distribution and research and development expenses, and the partial allocation of corporate costs. These allocations are based upon variables such as segment headcount and revenues. In addition, the Healthcare segment is responsible for the management of all but one manufacturing facility and uses standard cost to sell products to the Life Sciences segment. Corporate and other includes the gross profit and direct expenses of the Defense and Industrial business unit, as well as certain unallocated corporate costs related to being a publicly traded company and legacy pension and postretirement benefits.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Nine Months Ended December 31, 2012 and 2011
(dollars in thousands, except per share amounts)

The accounting policies for reportable segments are the same as those for the consolidated Company. For the three and nine month periods ended December 31, 2012, revenues from a single Customer did not represent ten percent or more of any reportable segment's revenues. Additional information regarding our segments is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012, dated with the SEC on May 29, 2012.

Financial information for each of our segments is presented in the following tables:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Revenues:				
Healthcare (1)	$ 271,096	$ 259,055	$ 757,430	$ 725,455
Life Sciences	65,043	55,892	180,116	167,675
Isomedix	43,392	39,615	133,732	121,617
Total reportable segments	379,531	354,562	1,071,278	1,014,747
Corporate and other	874	653	2,408	1,814
Total revenues	$ 380,405	$ 355,215	$ 1,073,686	$ 1,016,561
Operating income:				
Healthcare (2)	$ 45,478	$ 33,951	$ 110,355	$ 88,213
Life Sciences	12,798	10,297	35,201	30,820
Isomedix	11,103	11,750	39,348	35,924
Total reportable segments	69,379	55,998	184,904	154,957
Corporate and other	(2,239)	(2,274)	(7,185)	(6,689)
Total operating income	$ 67,140	$ 53,724	$ 177,719	$ 148,268

(1) Includes an increase of $20,400 in the fiscal 2013 nine months ended December 31, 2012 period, resulting from the SYSTEM 1 Rebate Program.
(2) Includes an increase of $15,800 in the fiscal 2013 three months ended December 31, 2012 period and $37,300 in the fiscal 2013 nine months ended December 31, 2012 period, resulting from SYSTEM 1 Rebate Program and class action settlement.

Assets include the current and long-lived assets directly attributable to the segment based on the management of the location or on utilization. Certain corporate assets were allocated to the reportable segments based on revenues. Assets attributed to sales and distribution locations are only allocated to the Healthcare and Life Sciences segments. "Corporate and other" includes assets directly attributable to the Defense and Industrial business unit, as well as certain unallocated amounts related to being a publicly traded company. Total assets associated with the Healthcare segment have increased substantially during the first nine months of fiscal 2013, as a result of several business acquisitions as described in Note 4 to our consolidated financial statements titled, "Business Acquisitions".

Individual facilities, equipment, and intellectual properties are utilized for production by both the Healthcare and Life Sciences segments at varying levels over time. As a result, an allocation of total assets, capital expenditures, and depreciation and amortization is not meaningful to the individual performance of the Healthcare and Life Sciences segments. Therefore, their respective amounts are reported together.

Total assets for the periods as of December 31, 2012 and March 31, 2012 are presented in the following table:

	December 31, 2012	March 31, 2012
Assets:		
Healthcare and Life Sciences	$ 1,366,871	$ 1,024,786
Isomedix	395,557	378,506
Total reportable segments	1,762,428	1,403,292
Corporate and other	2,644	2,404
Total assets	$ 1,765,072	$ 1,405,696

12. Common Shares

We calculate basic earnings per common share based upon the weighted average number of common shares outstanding. We calculate diluted earnings per share based upon the weighted average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock method. The following is a summary of common shares and common share equivalents outstanding used in the calculations of basic and diluted earnings per share:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Denominator (shares in thousands):				
Weighted average common shares outstanding—basic	58,425	57,782	58,200	58,594
Dilutive effect of common share equivalents	547	455	492	646
Weighted average common shares outstanding and common share equivalents—diluted	58,972	58,237	58,692	59,240

Options to purchase the following number of common shares were outstanding but excluded from the computation of diluted earnings per share because the combined exercise prices, unamortized fair values, and assumed tax benefits upon exercise were greater than the average market price for the common shares during the periods, so including these options would be anti-dilutive:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
(shares in thousands)				
Number of common share options	569	1,040	787	644

13. Repurchases of Common Shares

During the first nine months of fiscal 2013, we repurchased 204,349 of our common shares as part of our Board authorized repurchase program and obtained 50,852 of our common shares in connection with stock based compensation award programs. At December 31, 2012, $111,630 of STERIS common shares remained authorized for repurchase pursuant to the most recent Board approved repurchase authorization (the March 2008 Board Authorization). Also, 11,624,076 common shares were held in treasury at December 31, 2012.

14. Share-Based Compensation

We maintain a long-term incentive plan that makes available common shares for grants, at the discretion of the Compensation Committee of the Board of Directors, to officers, directors, and key employees in the form of stock options, restricted shares, restricted share units, and stock appreciation rights. Stock options provide the right to purchase our common shares at the market price on the date of grant, subject to the terms of the option plans and agreements. Generally, one-fourth of the stock options granted become exercisable for each full year of employment following the grant date. Stock options granted generally expire 10 years after the grant date, or earlier if the option holder is no longer employed by us. Restricted shares and restricted share units generally may cliff vest after a three or four year period or vest in tranches of one-fourth of the number

(dollars in thousands, except per share amounts)

granted for each full year of employment after the grant date. As of December 31, 2012, 3,858,299 shares remained available for grant under the long-term incentive plan.

The fair value of share-based compensation awards was estimated at their grant date using the Black-Scholes-Merton option pricing model. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable, characteristics that are not present in our option grants. If the model permitted consideration of the unique characteristics of employee stock options, the resulting estimate of the fair value of the stock options could be different. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in our Consolidated Statements of Income. The expense is classified as cost of goods sold or selling, general and administrative expenses in a manner consistent with the employee's compensation and benefits.

The following weighted-average assumptions were used for options granted during the first nine months of fiscal 2013 and fiscal 2012:

	Fiscal 2013	Fiscal 2012
Risk-free interest rate	1.21%	2.41%
Expected life of options	5.79 years	5.65 years
Expected dividend yield of stock	2.15%	1.78%
Expected volatility of stock	31.24%	29.78%

The risk-free interest rate is based upon the U.S. Treasury yield curve. The expected life of options is reflective of historical experience, vesting schedules and contractual terms. The expected dividend yield of stock represents our best estimate of the expected future dividend yield. The expected volatility of stock is derived by referring to our historical stock prices over a time frame similar to that of the expected life of the grant. An estimated forfeiture rate of 1.83% and 2.08% was applied in fiscal 2013 and 2012, respectively. This rate is calculated based upon historical activity and represents an estimate of the granted options not expected to vest. If actual forfeitures differ from this calculated rate, we may be required to make additional adjustments to compensation expense in future periods. The assumptions used above are reviewed at the time of each significant option grant, or at least annually.

A summary of share option activity is as follows:

	Number of Options	Weighted Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2012	3,312,602	$ 27.16		
Granted	300,440	30.26		
Exercised	(608,195)	23.90		
Forfeited	(5,933)	30.12		
Canceled	(3,970)	19.95		
Outstanding at December 31, 2012	2,994,944	$ 28.13	5.42 years	$ 20,158
Exercisable at December 31, 2012	2,226,762	$ 27.18	4.43 years	$ 16,914

We estimate that 757,650 of the non-vested stock options outstanding at December 31, 2012 will ultimately vest.

The aggregate intrinsic value in the table above represents the total pre-tax difference between the $34.73 closing price of our common shares on December 31, 2012 over the exercise prices of the stock options, multiplied by the number of options outstanding or outstanding and exercisable, as applicable. The aggregate intrinsic value is not recorded for financial accounting purposes and the value changes daily based on the daily changes in the fair market value of our common shares.

The total intrinsic value of stock options exercised during the first nine months of fiscal 2013 and fiscal 2012 was $5,603 and $2,111, respectively. Net cash proceeds from the exercise of stock options were $14,517 and $3,749 for the first nine months of fiscal 2013 and fiscal 2012, respectively. The tax benefit from stock option exercises was $2,161 and $816 for the first nine months of fiscal 2013 and fiscal 2012, respectively.

(dollars in thousands, except per share amounts)

The weighted average grant date fair value of stock option grants was $7.32 and $9.31 for the first nine months of fiscal 2013 and fiscal 2012, respectively.

Stock appreciation rights ("SARS") carry generally the same terms and vesting requirements as stock options except that they are settled in cash upon exercise and therefore, are classified as liabilities. The fair value of the outstanding SARS as of December 31, 2012 and 2011 was $888 and $763, respectively. The fair value of outstanding SARs is revalued at each reporting date and the related liability and expense are adjusted appropriately.

A summary of the non-vested restricted share activity is presented below:

	Number of Restricted Shares	Weighted-Average Grant Date Fair Value
Non-vested at March 31, 2012	533,027	$ 32.10
Granted	329,790	31.45
Vested	(104,769)	25.11
Canceled	(11,737)	33.13
Non-vested at December 31, 2012	746,311	$ 32.78

Restricted shares granted are valued based on the closing stock price at the grant date. The value of restricted shares that vested during the first nine months of fiscal 2013 was $2,631.

Cash settled restricted share units carry generally the same terms and vesting requirements as stock settled restricted share units except that they are settled in cash upon vesting and therefore, are classified as liabilities. The fair value of outstanding cash-settled restricted share units as of December 31, 2012 and 2011 was $1,208 and $1,244, respectively. The fair value of each cash-settled restricted share unit is revalued at each reporting date and the related liability and expense are adjusted appropriately.

As of December 31, 2012, there was a total of $17,451 in unrecognized compensation cost related to non-vested share-based compensation granted under our share-based compensation plans. We expect to recognize the cost over a weighted average period of 2.63 years.

15. Financial and Other Guarantees

We generally offer a limited parts and labor warranty on capital equipment. The specific terms and conditions of those warranties vary depending on the product sold and the countries where we conduct business. We record a liability for the estimated cost of product warranties at the time product revenues are recognized. The amounts we expect to incur on behalf of our Customers for the future estimated cost of these warranties are recorded as a current liability on the accompanying Consolidated Balance Sheets. Factors that affect the amount of our warranty liability include the number and type of installed units, historical and anticipated rates of product failures, and material and service costs per claim. We periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary.

Changes in our warranty liability during the first nine months of fiscal 2013 were as follows:

Balance, March 31, 2012	$ 11,189
Warranties issued during the period	13,177
Settlements made during the period	(11,567)
Balance, December 31, 2012	$ 12,799

We also sell product maintenance contracts to our Customers. These contracts range in terms from one to five years and require us to maintain and repair the product over the maintenance contract term. We initially record amounts due from Customers under these contracts as a liability for deferred service contract revenue on the accompanying Consolidated Balance

(dollars in thousands, except per share amounts)

Sheets within "Accrued expenses and other." The liability recorded for such deferred service revenue was $38,549 and $43,252 as of December 31, 2012 and March 31, 2012, respectively. Such deferred revenue is then amortized on a straight-line basis over the contract term and recognized as service revenue on our accompanying Consolidated Statements of Income. The activity related to the liability for deferred service contract revenues is excluded from the table presented above.

16. Forward and Swap Contracts

From time to time, we enter into forward contracts to hedge potential foreign currency gains and losses that arise from transactions denominated in foreign currencies, including inter-company transactions. We also enter into commodity swap contracts to hedge price changes in commodities that impact raw materials included in our cost of revenues. We do not use derivative financial instruments for speculative purposes. These contracts are not designated as hedging instruments and do not receive hedge accounting treatment; therefore, changes in their fair value are not deferred but are recognized immediately in the Consolidated Statements of Income. At December 31, 2012, we held foreign currency forward contracts to buy 79.7 million Mexican pesos and 12.5 million Canadian dollars. At December 31, 2012, we held commodity swap contracts to buy 190,000 pounds of nickel.

	Asset Derivatives		Liability Derivatives	
Balance Sheet Location	Fair Value at December 31, 2012	Fair Value at March 31, 2012	Fair Value at December 31, 2012	Fair Value at March 31, 2012
Prepaid & Other	$ —	$ 12	$ —	$ —
Accrued expenses and other	$ —	$ —	$ 358	$ 863

The following table presents the impact of derivative instruments and their location within the Consolidated Statements of Income:

		Amount of gain (loss) recognized in income	
		Nine Months Ended December 31,	
	Location of gain (loss) recognized in income	2012	2011
Foreign currency forward contracts	Selling, general and administrative	$ 24	$ (2,122)
Commodity swap contracts	Cost of revenues	$ (211)	$ (1,371)

17. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. We estimate the fair value of financial assets and liabilities using available market information and generally accepted valuation methodologies. The inputs used to measure fair value are classified into three tiers. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring the entity to develop its own assumptions. The following table shows the fair value of our financial assets and liabilities at December 31, 2012 and March 31, 2012:

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Nine Months Ended December 31, 2012 and 2011
(dollars in thousands, except per share amounts)

	Carrying Value		Fair Value Measurements at December 31, 2012 and March 31, 2012 Using					
			Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs		Significant Unobservable Inputs	
			Level 1		Level 2		Level 3	
	December 31	March 31	December 31	March 31	December 31	March 31	December 31	March 31
Assets:								
Cash and cash equivalents	$ 155,887	$ 150,821	$ 155,887	$ 150,821	$ —	$ —	$ —	$ —
Forward and swap contracts (1)	—	12	—	—	—	12	—	—
Investments (2)	2,982	3,032	2,982	3,032	—	—	—	—
Liabilities:								
Forward and swap contracts (1)	$ 358	$ 863	$ —	$ —	$ 358	$ 863	$ —	$ —
Deferred compensation plans (2)	3,062	3,032	3,062	3,032	—	—	—	—
Long term debt (3)	520,890	210,000	—	—	560,971	243,999	—	—
Contingent consideration obligations (4)	7,842	6,953	—	—	—	—	7,842	6,953

(1) The fair values of forward and swap contracts are based on period-end forward rates and reflect the value of the amount that we would pay or receive for the contracts involving the same notional amounts and maturity dates.

(2) We maintain a domestic non-qualified deferred compensation plan covering certain employees, which allows for the deferral of compensation for an employee-specified term or until retirement or termination. Amounts deferred can be allocated to various hypothetical investment options (compensation deferrals have been frozen under the plan). We hold investments to satisfy the future obligations of the plan. Changes in the value of the investment accounts are recognized each period based on the fair value of the underlying investments. Employees making deferrals are entitled to receive distributions of their hypothetical account balances (amounts deferred, together with earnings (losses)).

(3) We estimate the fair value of our long-term debt using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements.

(4) Contingent consideration obligations arise from prior business acquisitions. The fair values are based on discounted cash flow analyses reflecting the possible achievement of specified performance measures or events and captures the contractual nature of the contingencies, commercial risk, and the time value of money. Contingent consideration obligations are classified in the consolidated balance sheets as accrued expense (short-term) and other liabilities (long-term), as appropriate based on the contractual payment dates.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis at December 31, 2012 are summarized as follows:

	Contingent Consideration
Balance at March 31, 2012	$ 6,953
Additions	1,250
Settlements	(9)
Foreign currency translation adjustments (1)	(352)
Balance at December 31, 2012	$ 7,842

(1) Reported in other comprehensive income (loss).

18. Subsequent Events

We have evaluated subsequent events through the date the financial statements were filed with the SEC, noting no events that require adjustment of, or disclosure in, the consolidated financial statements for the period ended December 31, 2012, except for the issuance of long term notes as described in note 6 to our consolidated financial statements titled, "Debt". These financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2012 Annual Report on Form 10-K dated May 29, 2012.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
STERIS Corporation

We have reviewed the consolidated balance sheet of STERIS Corporation and subsidiaries (the “Company”) as of December 31, 2012, the related consolidated statements of income for the three-month and nine-month periods ended December 31, 2012 and 2011, the consolidated statements of comprehensive income for the three-month and nine-month periods ended December 31, 2012 and 2011, and consolidated statements of cash flows for the nine-month periods ended December 31, 2012 and 2011. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of STERIS Corporation and subsidiaries as of March 31, 2012, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended not presented herein, and in our report dated May 29, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of March 31, 2012 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Cleveland, Ohio
February 8, 2013

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

In Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A"), we explain the general financial condition and the results of operations for STERIS including:

- what factors affect our business;
- what our earnings and costs were in each period presented;
- why those earnings and costs were different from prior periods;
- where our earnings came from;
- how this affects our overall financial condition;
- what our expenditures for capital projects were;
- where cash will come from to fund future debt principal repayments, growth outside of core operations, repurchase common shares, pay cash dividends and fund future working capital needs.

As you read the MD&A, it may be helpful to refer to information in our consolidated financial statements, which present the results of our operations for the third quarter and first nine months of fiscal 2013 and fiscal 2012. It may also be helpful to read the MD&A in our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012. In the MD&A, we analyze and explain the period-over-period changes in the specific line items in the Consolidated Statements of Income. Our analysis may be important to you in making decisions about your investments in STERIS.

Financial Measures

In the following sections of the MD&A, we may, at times, refer to financial measures that are not required to be presented in the consolidated financial statements under U.S. GAAP. We sometimes use the following financial measures in the context of this report: backlog; debt-to-total capital; net debt-to-total capital; and days sales outstanding. We define these financial measures as follows:

- Backlog – We define backlog as the amount of unfilled capital equipment purchase orders at a point in time. We use this figure as a measure to assist in the projection of short-term financial results and inventory requirements.
- Debt-to-total capital – We define debt-to-total capital as total debt divided by the sum of total debt and shareholders' equity. We use this figure as a financial liquidity measure to gauge our ability to borrow and fund growth.
- Net debt-to-total capital – We define net debt-to-total capital as total debt less cash ("net debt") divided by the sum of net debt and shareholders' equity. We also use this figure as a financial liquidity measure to gauge our ability to borrow and fund growth.
- Days sales outstanding ("DSO") – We define DSO as the average collection period for accounts receivable. It is calculated as net accounts receivable divided by the trailing four quarters' revenues, multiplied by 365 days. We use this figure to help gauge the quality of accounts receivable and expected time to collect.

We, at times, may also refer to financial measures which are considered to be "non-GAAP financial measures" under SEC rules. We have presented these financial measures because we believe that meaningful analysis of our financial performance is enhanced by an understanding of certain additional factors underlying that performance. These financial measures should not be considered an alternative to measures required by accounting principles generally accepted in the United States. Our calculations of these measures may differ from calculations of similar measures used by other companies and you should be careful when comparing these financial measures to those of other companies. Additional information regarding these financial measures, including reconciliations of each non- GAAP financial measure, is available in the subsection of MD&A titled, "Non-GAAP Financial Measures."

Revenues – Defined

As required by Regulation S-X, we separately present revenues generated as either product revenues or service revenues on our Consolidated Statements of Income for each period presented. When we discuss revenues, we may, at times, refer to revenues summarized differently than the Regulation S-X requirements. The terminology, definitions, and applications of terms that we use to describe revenues may be different from terms used by other companies. We use the following terms to describe revenues:

- Revenues – Our revenues are presented net of sales returns and allowances.
- Product Revenues – We define product revenues as revenues generated from sales of consumable and capital equipment products.
- Service Revenues – We define service revenues as revenues generated from parts and labor associated with the maintenance, repair, and installation of our capital equipment, instrument repair services, and revenues generated from contract sterilization offered through our Isomedix segment.
- Capital Revenues – We define capital revenues as revenues generated from sales of capital equipment, which includes steam sterilizers, low temperature liquid chemical sterilant processing systems, including SYSTEM 1 and 1E, washing systems, VHP® technology, water stills, and pure steam generators; surgical lights and tables; and integrated OR.
- Consumable Revenues – We define consumable revenues as revenues generated from sales of the consumable family of products, which includes SYSTEM 1 and 1E consumables, V-Pro consumables, gastrointestinal endoscopy devices and support accessories, sterility assurance products, skin care products, cleaning consumables, and surgical instruments.
- Recurring Revenues – We define recurring revenues as revenues generated from sales of consumable products and service revenues.

General Company Overview and Executive Summary

Our mission is to provide a healthier today and safer tomorrow through knowledgeable people and innovative infection prevention, decontamination and health science technologies, products, and services. Our dedicated employees around the world work together to supply a broad range of solutions by offering a combination of capital equipment, consumables, and services to healthcare, pharmaceutical, industrial, and governmental Customers.

The bulk of our revenues are derived from the healthcare and pharmaceutical industries. Much of the growth in these industries is driven by the aging of the population throughout the world, as an increasing number of individuals are entering their prime healthcare consumption years, and is dependent upon advancement in healthcare delivery, acceptance of new technologies, government policies, and general economic conditions. In addition, each of our core industries is experiencing specific trends that could increase demand. Within healthcare, there is increased concern regarding the level of hospital-acquired infections around the world. The pharmaceutical industry has been impacted by increased FDA scrutiny of cleaning and validation processes, mandating that manufacturers improve their processes. The aging population increases the demand for medical procedures, which increases the consumption of single use medical devices and surgical kits processed by our Isomedix segment.

Beyond our core markets, infection-control issues are a growing global concern, and emerging threats are prominent in the news. We are actively pursuing new opportunities to adapt our proven technologies to meet the changing needs of the global marketplace.

In August 2012, we acquired all the outstanding shares of privately-owned United States Endoscopy Group, Inc. ("US Endoscopy") for approximately $270 million plus a working capital adjustment of $2.1 million, which was paid during the third quarter of fiscal year 2013. In addition, we purchased all real estate used in the US Endoscopy business for approximately $7 million, including properties owned by two US Endoscopy affiliates. The business will be integrated into the Healthcare segment.

In October 2012, we purchased two privately-owned businesses: Spectrum Surgical Instruments Corp ("Spectrum") and Total Repair Express ("TRE"), providers of surgical instrument repair services and instrument care products to hospitals and surgery centers in the United States. The aggregate purchase price of approximately $110 million, including contingent consideration, was financed with borrowings under our existing credit facility. The instrument repair business will be integrated into the Healthcare segment.

In December 2012, we purchased the remaining interests in our VTS Medical Systems, LLC ("VTS") joint venture. The joint venture began in fiscal 2009, and we increased our ownership of the joint venture to just under 50% during fiscal 2011. With this final investment, VTS is now a wholly-owned subsidiary and will be integrated into the Healthcare segment. We purchased the remaining interests for a total of approximately $19.0 million, comprised of cash at closing and deferred cash payments to be paid over a ten year period.

Healthcare revenues for the third quarter and first nine months of fiscal 2013 include $35.7 million and $45.9 million, respectively, as a result of these acquisitions.

Fiscal 2013 third quarter revenues were $380.4 million representing an increase of 7.1% over the fiscal 2012 third quarter revenues of $355.2 million. The increase of 7.1% is primarily from an increase in both service and consumable revenues as a result of recent business acquisitions. This increase was partially offset by the expected post-transition decline in SYSTEM 1E unit sales and the decline in SYSTEM 1 consumable volumes. Fiscal 2013 first nine months revenues were $1,073.7 million

representing an increase of 5.6% over the first nine months of fiscal 2012 revenues of $1,016.6 million. This increase includes the fiscal 2013 second quarter SYSTEM 1 Rebate Program adjustment of $20.4 million and the impact of recent acquisitions. Excluding the positive impact of the adjustment related to the SYSTEM 1 Rebate Program made during the second quarter, adjusted revenues were $1,053.3 million for the first nine months of fiscal 2013 (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Adjusted revenues for the first nine months of fiscal 2013 increased 3.6% compared to the first nine months of fiscal 2012, reflecting growth in both service and consumable revenues as a result of recent business acquisitions, partially offset by the expected post-transition decline in SYSTEM 1E unit sales and the decline in SYSTEM 1 consumable volumes.

Fiscal 2013 third quarter gross margin percentage was 40.3% compared with 38.9% for the fiscal 2012 third quarter. This increase was driven primarily by recent acquisitions, favorable pricing and product mix. For fiscal 2013, the first nine months of gross margin percentage was 41.3% compared with 39.8% for the first nine months of fiscal 2012. The primary driver of the increase in gross margin percentage for the first nine months was the positive impact of the $21.5 million SYSTEM 1 Rebate Program adjustment during the fiscal 2013 second quarter. The adjusted gross margin percentage for the first nine months of 2013 was 40.1% compared to 39.8% in the first nine months of fiscal 2012 (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). This increase was attributable to acquisitions, favorable pricing and favorable foreign currency impact. The SYSTEM 1 and 1E transition continued to negatively impact gross margins relative to prior periods.

Fiscal 2013 third quarter operating income was $67.1 million, an increase of 25.0% over the fiscal 2012 third quarter operating income of $53.7 million. Fiscal 2013 first nine months operating income was $177.7 million representing an increase of 19.9% compared to the fiscal 2012 first nine months operating income of $148.3 million. The primary drivers of the increase in operating income were the positive impact of the $21.5 million SYSTEM 1 Rebate Program adjustment recorded in the fiscal 2013 second quarter and the $15.8 million SYSTEM 1 class action settlement adjustment recorded during the fiscal 2013 third quarter. Excluding the SYSTEM 1 class action settlement adjustment made in the fiscal 2013 third quarter, adjusted operating income was $51.3 million in the fiscal 2013 third quarter, a decrease of 4.4% over the fiscal 2012 third quarter operating income of $53.7 million, driven primarily by the declines in SYSTEM 1 consumable volumes and SYSTEM 1E unit sales and expenses related to the recent acquisitions (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Adjusted operating income during the first nine months of fiscal 2013 was $140.4 million, a decrease of 5.3% compared to the first nine months of fiscal 2012, driven primarily by the declines in SYSTEM 1 consumable volumes and SYSTEM 1E unit sales and expenses related to the recent acquisitions (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures).

Cash flows from operations were $180.9 million and free cash flow was $117.1 million in the first nine months of fiscal 2013 compared to cash flows from operations of $112.8 million and free cash flow of $58.6 million in the first nine months of fiscal 2012, reflecting a decrease in cash needed to fund operating assets and liabilities, and the cash benefit from a tax deduction related to the closure of our Swiss manufacturing operations (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Our debt-to-total capital ratio was 36.2% at December 31, 2012 and 20.4% at March 31, 2012. During the first nine months of fiscal 2013, we declared and paid quarterly cash dividends of $0.55 per common share.

Additional information regarding our financial performance during the fiscal third quarter and first nine months of 2013 is included in the subsection below titled “Results of Operations.”

Matters Affecting Comparability

International Operations. Since we conduct operations outside of the United States using various foreign currencies, our operating results are impacted by foreign currency movements relative to the U.S. dollar. During the third quarter of fiscal 2013, our revenues were unfavorably impacted by $0.4 million, or 0.1%, and income before taxes was unfavorably impacted by $0.9 million, or 1.4%, as a result of foreign currency movements relative to the U.S. dollar. During the first nine months of fiscal 2013, our revenues were unfavorably impacted by $7.7 million, or 0.7%, and income before taxes was favorably impacted by $4.2 million, or 2.6%, as a result of foreign currency movements relative to the U.S. dollar.

NON-GAAP FINANCIAL MEASURES

We, at times, refer to financial measures which are considered to be “non-GAAP financial measures” under SEC rules. We, at times, also refer to our results of operations excluding certain transactions or amounts that are non-recurring or are not indicative of future results, in order to provide meaningful comparisons between the periods presented.

These non-GAAP financial measures are not intended to be, and should not be, considered separately from or as an alternative to the most directly comparable GAAP financial measures.

These non-GAAP financial measures are presented with the intent of providing greater transparency to supplemental financial information used by management and the Board of Directors in their financial analysis and operational decision-making. These amounts are disclosed so that the reader has the same financial data that management uses with the belief that it will assist investors and other readers in making comparisons to our historical operating results and analyzing the underlying performance of our operations for the periods presented.

We believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provide the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

We define free cash flow as net cash provided by operating activities as presented in the Consolidated Statements of Cash Flows less purchases of property, plant, equipment, and intangibles plus proceeds from the sale of property, plant, equipment, and intangibles, which are also presented in the Consolidated Statements of Cash Flows. We use this as a measure to gauge our ability to fund future debt principal repayments, growth outside of core operations, repurchase common shares, and pay cash dividends. The following table summarizes the calculation of our free cash flow for the nine month periods ended December 31, 2012 and 2011:

	Nine Months Ended December 31,	
(dollars in thousands)	**2012**	**2011**
Net cash flows provided by operating activities	$ 180,936	$ 112,839
Purchases of property, plant, equipment and intangibles, net	(63,878)	(54,238)
Proceeds from the sale of property, plant, equipment and intangibles	29	—
Free cash flow	$ 117,087	$ 58,601

To supplement our financial results presented in accordance with U.S. GAAP, we have sometimes referred to certain measures of revenues, gross profit, gross profit percentage, and the Healthcare segment results of operations in the section of MD&A titled, "Results of Operations" excluding the impact of adjustments recorded in connection with the SYSTEM 1 Rebate Program and the SYSTEM 1 class action settlement in the third quarter and first nine months of fiscal 2013. These items had a significant impact on the fiscal 2013 measures and the corresponding trend in each of these measures. We provide adjusted measures to give the reader a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. These measures are used by management and the Board of Directors in making comparisons to our historical operating results and analyzing the underlying performance of our operations. The tables below provide a reconciliation of each of these measures to its most directly comparable GAAP financial measure.

	Three Months Ended December 31,		Nine Months Ended December 31,	
(dollars in thousands)	**2012**	**2011**	**2012**	**2011**
Reported revenues	$ 380,405	$ 355,215	$ 1,073,686	$ 1,016,561
Impact of the SYSTEM 1 Rebate Program	—	—	(20,400)	—
Adjusted revenues	$ 380,405	$ 355,215	$ 1,053,286	$ 1,016,561
Reported capital equipment revenues	$ 147,068	$ 165,290	$ 435,162	$ 439,134
Impact of the SYSTEM 1 Rebate Program	—	—	(20,400)	—
Adjusted capital equipment revenues	$ 147,068	$ 165,290	$ 414,762	$ 439,134
Reported United States revenues	$ 281,411	$ 263,540	$ 815,604	$ 766,011
Impact of the SYSTEM 1 Rebate Program	—	—	(20,400)	—
Adjusted United States Revenues	$ 281,411	$ 263,540	$ 795,204	$ 766,011
Reported Healthcare revenues	$ 271,096	$ 259,055	$ 757,430	$ 725,455

Impact of the SYSTEM 1 Rebate Program	—	—	(20,400)	—
Adjusted Healthcare revenues	$ 271,096	$ 259,055	$ 737,030	$ 725,455
Healthcare capital revenues	$ 119,471	$ 144,366	$ 366,840	$ 378,335
Impact of SYSTEM 1 Rebate Program	—	—	(20,400)	—
Adjusted Healthcare capital revenues	$ 119,471	$ 144,366	$ 346,440	$ 378,335
Reported gross profit	$ 153,122	$ 138,006	$ 443,495	$ 404,240
Impact of the SYSTEM 1 Rebate Program	—	—	(21,500)	—
Adjusted gross profit	$ 153,122	$ 138,006	$ 421,995	$ 404,240
Reported gross profit percentage	40.3 %	38.9%	41.3 %	39.8%
Impact of the SYSTEM 1 Rebate Program	— %	—%	(1.2)%	—%
Adjusted gross profit percentage	40.3 %	38.9%	40.1 %	39.8%
Reported operating income	$ 67,140	$ 53,724	$ 177,719	$ 148,268
Impact of the SYSTEM 1 Rebate Program and class action settlement	(15,800)	—	(37,300)	—
Adjusted operating income	$ 51,340	$ 53,724	$ 140,419	$ 148,268
Reported Healthcare operating income	$ 45,478	$ 33,951	$ 110,355	$ 88,213
Impact of the SYSTEM 1 Rebate Program and class action settlement	(15,800)	—	(37,300)	—
Adjusted Healthcare operating income	$ 29,678	$ 33,951	$ 73,055	$ 88,213
Reported income tax expense	$ 15,174	$ 17,443	$ 49,166	$ 48,189
Impact of the SYSTEM 1 Rebate Program and class action settlement	(6,162)	—	(14,547)	—
Adjusted income tax expense	$ 9,012	$ 17,443	$ 34,619	$ 48,189
Reported selling, general and administrative	$ 75,953	$ 73,992	$ 236,767	$ 227,583
Impact of the SYSTEM 1 class action settlement	15,800	—	15,800	—
Adjusted selling, general and administrative	$ 91,753	$ 73,992	$ 252,567	$ 227,583
Reported effective income tax rate	24.0 %	34.1%	29.3 %	34.4%
Impact of the SYSTEM 1 Rebate Program and class action settlement	(5)%	—%	(2.8)%	—%
Adjusted effective income tax rate	19.0 %	34.1%	26.5 %	34.4%

Results of Operations

In the following subsections, we discuss our earnings and the factors affecting them for the third quarter and the first nine months of fiscal 2013 compared with the same fiscal 2012 periods. We begin with a general overview of our operating results and then separately discuss earnings for our operating segments.

Revenues. The following tables compare our revenues for the three and nine months ended December 31, 2012 to the revenues for the three and nine months ended December 31, 2011:

(dollars in thousands)	Three Months Ended December 31, 2012	2011	Change	Percent Change
Total revenues	$ 380,405	$ 355,215	$ 25,190	7.1 %
Revenues by type:				
Capital equipment revenues	147,068	165,290	(18,222)	(11.0)%
Consumable revenues	96,654	74,113	22,541	30.4 %
Service revenues	136,683	115,812	20,871	18.0 %
Revenues by geography:				
United States revenues	281,411	263,540	17,871	6.8 %
International revenues	98,994	91,675	7,319	8.0 %

(dollars in thousands)	Nine Months Ended December 31, 2012	2011	Change	Percent Change
Total revenues	$ 1,073,686	$ 1,016,561	$ 57,125	5.6 %
Revenues by type:				
Capital equipment revenues	435,162	439,134	(3,972)	(0.9)%
Consumable revenues	253,963	225,784	28,179	12.5 %
Service revenues	384,561	351,643	32,918	9.4 %
Revenues by geography:				
United States revenues	815,604	766,011	49,593	6.5 %
International revenues	258,082	250,550	7,532	3.0 %

Quarter over Quarter Comparison

Revenues increased $25.2 million, or 7.1%, to $380.4 million for the quarter ended December 31, 2012, as compared to $355.2 million for the same quarter prior year period. The increase is primarily attributable to the recent business acquisitions partially offset by the expected post-transition decline in SYSTEM 1E unit sales and SYSTEM 1 consumable volumes. Capital equipment revenues of $147.1 million in the third quarter of fiscal 2013 represent a 11.0% decrease over the third quarter of fiscal 2012 driven by lower capital equipment revenues in the Healthcare segment due to the expected post-transition decline in SYSTEM 1E units. Consumable revenues increased 30.4% for the quarter ended December 31, 2012, as compared to the prior year quarter, primarily driven by acquisitions which combined with growth in other consumables more than offset the declines in SYSTEM 1 consumables. Service revenues increased 18.0% in the third quarter of fiscal 2013 primarily driven by the acquisition of the instrument repair businesses, Spectrum and TRE and growth in other service offerings.

United States revenues increased $17.9 million, or 6.8%, to $281.4 million for the quarter ended December 31, 2012, as compared to $263.5 million for the same prior year quarter. The increase is primarily attributable to the recent business acquisitions and is partially offset by the decline in SYSTEM 1E unit sales and SYSTEM 1 consumable volumes.

International revenues increased $7.3 million, or 8.0%, to $99.0 million for the quarter ended December 31, 2012, as compared to $91.7 million for the same prior year quarter. This increase is attributable to the recent acquisition of US Endoscopy and revenue growth in the Asia Pacific region and Canada, partially offset by declines in the European and Latin American regions.

First Nine Months over First Nine Months Comparison

Revenues increased $57.1 million or 5.6% to $1,073.7 million for the first nine months of fiscal 2013, as compared to $1,016.6 million for the same prior year period. The increase is partially attributable to the fiscal 2013 second quarter SYSTEM 1 Rebate Program adjustment of $20.4 million. Adjusted revenues for the first nine months, excluding the impact of the adjustment related to the SYSTEM 1 Rebate Program, were $1,053.3 million, a 3.6% increase over the same prior year period (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Capital equipment revenues for the first nine months of fiscal 2013 decreased $4.0 million or 0.9% compared to the prior year period. Capital equipment revenues for the first nine months of fiscal 2013 were favorably impacted by the $20.4 million adjustment related to the SYSTEM 1 Rebate Program. Adjusted capital equipment revenues for the first nine months of fiscal 2013 were $414.8 million, a 5.6% decrease over the first nine months of fiscal 2012 driven by the expected post-transition decline in SYSTEM 1E unit sales compared to the prior year (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Consumable revenues for the first nine months of fiscal 2013 increased 12.5% over the first nine months of fiscal 2012 as declines in SYSTEM 1 consumable volumes were more than offset by increases within the Healthcare segment, driven largely by recent acquisitions, and within the Life Sciences business segment. Service revenues during the first nine months of fiscal 2013 increased 9.4% over the first nine months of fiscal 2012 primarily driven by the recent acquisition of the instrument repair businesses, Spectrum and TRE and other service offerings.

United States revenues for the first nine months of fiscal 2013 were $815.6 million, an increase of $49.6 million or 6.5% over the the first nine months of fiscal 2012 revenues of $766.0 million. A portion of the increase is attributable to the fiscal 2013 second quarter SYSTEM 1 Rebate Program adjustment of $20.4 million. Adjusted United States revenues for the first nine months, excluding the impact of the $20.4 million adjustment related to the SYSTEM 1 Rebate Program, were $795.2 million, an increase of $29.2 million or 3.8% over the first nine months of fiscal 2012 (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). United States revenues reflect a decline in capital equipment revenues resulting primarily from the expected post-transition SYSTEM 1E unit sales which was offset by increased consumable and service revenues from our recent acquisitions and increased revenues from other products.

International revenues for the first nine months of fiscal 2013 were $258.1 million, an increase of 3.0% over the first nine months of fiscal 2012 revenues of $250.6 million. This increase is attributable to the recent acquisition of US Endoscopy and revenue growth in the Asia Pacific region and Canada, partially offset by declines in the European and Latin American regions.

Revenues by segment are further discussed in the section of MD&A titled, "Business Segment Results of Operations."

Gross Profit. The following tables compare our gross profit for the three and nine months ended December 31, 2012 to the three and nine months ended December 31, 2011:

	Three Months Ended December 31,			
(dollars in thousands)	**2012**	**2011**	**Change**	**Percent Change**
Gross profit:				
Product	$ 104,039	$ 93,427	$ 10,612	11.4%
Service	49,083	44,579	4,504	10.1%
Total gross profit	$ 153,122	$ 138,006	$ 15,116	11.0%
Gross profit percentage:				
Product	42.7%	39.0%		
Service	35.9%	38.5%		
Total gross profit percentage	40.3%	38.9%		

(dollars in thousands)	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2011	Change	Percent Change
Gross profit:				
Product	$ 296,814	$ 262,704	$ 34,110	13.0%
Service	146,681	141,536	5,145	3.6%
Total gross profit	$ 443,495	$ 404,240	$ 39,255	9.7%
Gross profit percentage:				
Product	43.1%	39.5%		
Service	38.1%	40.2%		
Total gross profit percentage	41.3%	39.8%		

Our gross profit percentage is affected by the volume, pricing, and mix of sales of our products and services, as well as the costs associated with the products and services that are sold. Gross profit percentage for the third quarter of fiscal 2013 amounted to 40.3% as compared to the third quarter of fiscal 2012 gross profit percentage of 38.9%. Gross margin percentage was positively impacted by acquisitions (110 basis points) and pricing (100 basis points) and negatively impacted by the SYSTEM 1 and SYSTEM 1E transition (50 basis points) and foreign currency fluctuations (20 basis points.)

Gross profit percentage for the first nine months of fiscal 2013 was 41.3% compared to the gross profit percentage in the first nine months of fiscal 2012 of 39.8%. The primary driver of the increase in gross margin percentage is the positive impact of the $21.5 million SYSTEM 1 Rebate Program adjustment during the fiscal 2013 second quarter. The adjusted gross profit percentage in the first nine months of fiscal 2013, excluding the impact of the $21.5 million revenue and cost of goods sold adjustments related to the SYSTEM 1 Rebate Program during the second quarter, was 40.1%, an increase of 30 basis points over the gross profit percentage of 39.8% during the first nine months of fiscal 2012 (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Other key factors impacting the gross margin percentage in the first nine months of fiscal 2013 include the negative impact of the SYSTEM 1 and SYSTEM 1E transition (110 basis points) and the positive impact of acquisitions (50 basis points), pricing (60 basis points) and foreign currency fluctuations (40 basis points).

Operating Expenses. The following tables compare our operating expenses for the three and nine months ended December 31, 2012 to the three and nine months ended December 31, 2011:

(dollars in thousands)	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011	Change	Percent Change
Operating expenses:				
Selling, general, and administrative	$ 75,953	$ 73,922	$ 2,031	2.7%
Research and development	10,415	9,196	1,219	13.3%
Restructuring expenses	(386)	1,164	(1,550)	NM
Total operating expenses	$ 85,982	$ 84,282	$ 1,700	2.0%

NM - Not meaningful.

(dollars in thousands)	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2011	Change	Percent Change
Operating expenses:				
Selling, general, and administrative	$ 236,767	$ 227,583	$ 9,184	4.0%
Research and development	29,579	26,867	2,712	10.1%
Restructuring expenses	(570)	1,522	(2,092)	NM
Total operating expenses	$ 265,776	$ 255,972	$ 9,804	3.8%

Significant components of total selling, general, and administrative expenses (“SG&A”) are compensation and benefit costs, fees for professional services, travel and entertainment, facilities costs, and other general and administrative expenses. SG&A increased 2.7% in the third quarter of fiscal 2013 over the third quarter of fiscal 2012, and increased 4.0% in the nine months of fiscal 2013 over the first nine months of fiscal 2012. During the third quarter of fiscal 2013, we adjusted the liability related to the SYSTEM 1 class action settlement. The pre-tax adjustment of $15.8 million was recorded as a reduction to operating expenses. Adjusted SG&A expenses, excluding the impact of the SYSTEM 1 class action settlement for the third quarter and

and nine months of fiscal 2013 were $91.8 million and $252.6 million, respectively (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Fiscal 2013 third quarter SG&A includes $2.1 million of transaction costs and incremental amortization of acquired intangible assets of $4 million associated with the recent acquisitions. For the first nine months of fiscal 2013, SG&A includes $5.7 million of transaction costs and incremental amortization of acquired intangible assets of $7.3 million associated with the recent acquisitions. SG&A also increased due to the operating expenses incurred within the operations of recently acquired businesses.

For the three month period ended December 31, 2012, research and development expenses increased 13.3% over the same prior year period. The increase is attributable to expenses for research and development incurred by the recently acquired US Endoscopy. For the nine months of fiscal 2013, research and development expenses were $29.6 million, representing an increase of 10.1% compared to the same fiscal 2012 period. The majority of the increase is attributable to expenses for research and development incurred by the recently acquired US Endoscopy. Research and development expenses are influenced by the number and timing of in-process projects and labor hours and other costs associated with these projects. Our research and development initiatives continue to emphasize new product development, product improvements, and the development of new technological platform innovations. During the first nine months of fiscal 2013, our investments in research and development continued to be focused on, but were not limited to, enhancing capabilities of sterile processing combination technologies, surgical products and accessories, and the areas of emerging infectious agents such as Prions and Nanobacteria.

Restructuring expenses incurred during the three and nine months of fiscal 2013 and fiscal 2012 related to previously announced restructuring plans. The following tables summarize our total pre-tax restructuring expenses for the third quarter of fiscal 2013 and fiscal 2012:

(dollars in thousands)	**Fiscal 2010 Restructuring Plan**	
Three Months Ended December 31,	**2012**	**2011 (1)**
Severance and other compensation related costs	$ (386)	$ 7
Asset impairment and accelerated depreciation	—	1,157
Lease termination obligation and other	—	3
Total restructuring charges	$ (386)	$ 1,167

(1) Includes $3 in charges recorded in cost of revenues on Consolidated Statements of Income for fiscal 2012.

The following table summarizes our total pre-tax restructuring expenses for the first nine months of fiscal 2013 and fiscal 2012:

(dollars in thousands)	**Fiscal 2010 Restructuring Plan**		**Fiscal 2008 Restructuring Plan**		**Total**	
Nine Months Ended December 31,	**2012**	**2011 (1)**	**2012**	**2011**	**2012**	**2011 (1)**
Severance and other compensation related costs	$ (553)	$ (73)	$ —	$ —	$ (553)	$ (73)
Product rationalization	—	335	—	—	—	335
Asset impairment and accelerated depreciation	(17)	1,341	—	—	(17)	1,341
Lease termination obligation and other	—	3	—	(152)	—	(149)
Total restructuring charges	$ (570)	$ 1,606	$ —	$ (152)	$ (570)	$ 1,454

(1) Includes $(68) in charges recorded in cost of revenues on Consolidated Statements of Income for fiscal 2012.

Liabilities related to restructuring activities are recorded as current liabilities on the accompanying Consolidated Balance Sheets within “Accrued payroll and other related liabilities” and “Accrued expenses and other.” The following table summarizes our liabilities related to these restructuring activities:

	Fiscal 2010 Restructuring Plan			
		Fiscal 2013		
(dollars in thousands)	March 31, 2012	Provision (1)	Payments/ Impairments (2)	December 31, 2012
Severance and termination benefits	$ 659	$ (553)	$ 326	$ 432
Asset impairments and accelerated depreciation	—	(17)	17	—
Lease termination obligations	947	—	(791)	156
Other	76	—	(76)	—
Total	$ 1,682	$ (570)	$ (524)	$ 588

(1) Includes curtailment benefit of $495 related to International defined benefit plan. Additional information is included in note 9, "Benefit Plans."
(2) Certain amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

Non-Operating Expenses, Net. Non-operating expense, net consists of interest expense on debt, offset by interest earned on cash, cash equivalents, short-term investment balances, and other miscellaneous expense. The following table compares our non-operating expense, net for the three and nine month periods ended December 31, 2012 and December 31, 2011:

	Three Months Ended December 31,		
(dollars in thousands)	2012	2011	Change
Non-operating expenses, net:			
Interest expense	$ 4,207	$ 3,005	$ 1,202
Interest income and miscellaneous expense	(338)	(373)	35
Non-operating expenses, net	$ 3,869	$ 2,632	$ 1,237

	Nine Months Ended December 31,		
(dollars in thousands)	2012	2011	Change
Non-operating expenses, net:			
Interest expense	$ 10,586	$ 9,083	$ 1,503
Interest income and miscellaneous expense	(629)	(948)	319
Non-operating expenses, net	$ 9,957	$ 8,135	$ 1,822

Interest expense during the three and nine month fiscal 2013 periods increased due to higher outstanding borrowings. Interest income and miscellaneous expense is immaterial.

Income Tax Expense. The following table compares our income tax expense and effective income tax rates for the three and nine months ended December 31, 2012 to the three and nine months ended December 31, 2011:

	Three Months Ended December 31,			
(dollars in thousands)	2012	2011	Change	Percent Change
Income tax expense	$ 15,174	$ 17,443	$ (2,269)	(13.0)%
Effective income tax rate	24.0%	34.1%		

	Nine Months Ended December 31,			
(dollars in thousands)	2012	2011	Change	Percent Change
Income tax expense	$ 49,166	$ 48,189	$ 977	2.0%
Effective income tax rate	29.3%	34.4%		

Income tax expense includes United States federal, state and local, and foreign income taxes, and is based on reported pre-tax income. The effective income tax rates for continuing operations for the three and nine months ended December 31, 2012 were 24.0% and 29.3% compared with 34.1% and 34.4% for the same prior year periods. During the first nine months of fiscal 2013, we benefited from higher projected income in lower rate tax jurisdictions, a large favorable discrete item adjustment due

to the realization of a deduction related to the closure of our Swiss manufacturing operations, and other discrete item adjustments.

We record income tax expense during interim periods based on our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. We analyze various factors to determine the estimated annual effective income tax rate, including projections of our annual earnings and taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes, our ability to use tax credits and net operating loss carryforwards, and available tax planning alternatives.

Business Segment Results of Operations. We operate in three reportable business segments: Healthcare, Life Sciences, and Isomedix. Corporate and other, which is presented separately, contains the Defense and Industrial business unit plus costs that are associated with being a publicly traded company and certain other corporate costs. These costs include executive office costs, Board of Directors compensation, shareholder services and investor relations, external audit fees, and legacy pension and post-retirement benefit costs. Our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012, provides additional information regarding each business segment. The following table compares business segment revenues for the three and nine months ended December 31, 2012 and December 31, 2011:

	Three Months Ended December 31,			
(dollars in thousands)	**2012**	**2011**	**Change**	**Percent Change**
Revenues:				
Healthcare	$ 271,096	$ 259,055	$ 12,041	4.6%
Life Sciences	65,043	55,892	9,151	16.4%
Isomedix	43,392	39,615	3,777	9.5%
Total reportable segments	379,531	354,562	24,969	7.0%
Corporate and other	874	653	221	33.8%
Total Revenues	$ 380,405	$ 355,215	$ 25,190	7.1%

	Nine Months Ended December 31,			
(dollars in thousands)	**2012**	**2011**	**Change**	**Percent Change**
Revenues:				
Healthcare (1)	$ 757,430	$ 725,455	$ 31,975	4.4%
Life Sciences	180,116	167,675	12,441	7.4%
Isomedix	133,732	121,617	12,115	10.0%
Total reportable segments	1,071,278	1,014,747	56,531	5.6%
Corporate and other	2,408	1,814	594	32.7%
Total Revenues	$ 1,073,686	$ 1,016,561	$ 57,125	5.6%

(1) Includes an increase of $20,400 in the second quarter of fiscal 2013 resulting from the SYSTEM 1 Rebate Program.

Healthcare revenues increased $12.0 million, or 4.6%, to $271.1 million for the quarter ended December 31, 2012, as compared to $259.1 million for the same prior year quarter. This increase is attributable to recent acquisitions, which were partially offset by the expected post-transition decline in SYSTEM 1E unit sales and the decline in SYSTEM 1 consumable volumes. Healthcare revenues for the first nine months of fiscal 2013 increased $32.0 million, or 4.4% to $757.4 million, as compared to $725.5 million for the first nine months of fiscal 2012. The increase is partially attributable to the fiscal 2013 second quarter SYSTEM 1 Rebate Program adjustment of $20.4 million. Adjusted Healthcare revenues for the first nine months of fiscal 2013, excluding the impact of the adjustment made in the same period related to the SYSTEM 1 Rebate Program, were $737.0 million, representing an increase of 1.6% compared to the first nine months of fiscal 2012 (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). The increase in adjusted revenue is attributable to the addition of consumable revenues and service revenues from our recent acquisitions. These increases were partially offset by the expected post-transition decline in SYSTEM 1E unit sales and the decline in SYSTEM 1 consumable volumes. At December 31, 2012, the Healthcare segment's backlog amounted to $141.3 million, increasing $5.5 million, or 4.1%, compared to the backlog of $135.8 million at December 31, 2011. Healthcare backlog increased $38.8 million, or 37.9%, compared to the backlog of $102.5 million at March 31, 2012.

Life Sciences revenues increased $9.2 million, or 16.4%, to $65.0 million for the quarter ended December 31, 2012, as compared to $55.9 million for the same prior year quarter. The increase in Life Sciences revenues was attributable to increases

in capital equipment, consumable and service revenues. Life Science revenues for the first nine months of fiscal 2013 increased $12.4 million or 7.4% to $180.1 million as compared to $167.7 million for the first nine months of fiscal 2012, driven by growth in capital equipment, consumable and service revenues. At December 31, 2012, the Life Sciences segment's backlog amounted to $49.6 million, increasing $4.6 million, or 10.3%, compared to the backlog of $45.0 million at December 31, 2011. Life Sciences backlog decreased by $0.5 million, or 0.9%, compared to the backlog of $50.1 million at March 31, 2012.

Isomedix revenues increased $3.8 million, or 9.5%, to $43.4 million for the quarter ended December 31, 2012, as compared to $39.6 million for the same prior year quarter. Isomedix revenues for the first nine months of fiscal 2013 increased $12.1 million, or 10.0%, to $133.7 million as compared to $121.6 million for the first nine months of fiscal 2012. Revenues were favorably impacted by increased demand from our medical device Customers, as well as the acquisition of Biotest in March 2012. Biotest provides validation services to our Customers with lab operations in Minneapolis, Minnesota.

The following tables compare our business segment operating results for the three and nine months ended December 31, 2012 to the three and nine months ended December 31, 2011:

	Three Months Ended December 31,			
(dollars in thousands)	**2012**	**2011**	**Change**	**Percent Change**
Operating income (loss):				
Healthcare (2)	$ 45,478	$ 33,951	$ 11,527	34.0 %
Life Sciences	12,798	10,297	2,501	24.3 %
Isomedix	11,103	11,750	(647)	(5.5)%
Total reportable segments	69,379	55,998	13,381	23.9 %
Corporate and other	(2,239)	(2,274)	35	(1.5)%
Total operating income (loss)	$ 67,140	$ 53,724	$ 13,416	25.0 %

(2) Includes an increase of $15,800 in the third quarter of fiscal 2013 resulting from the SYSTEM 1 class action settlement.

	Nine Months Ended December 31,			
(dollars in thousands)	**2012**	**2011**	**Change**	**Percent Change**
Operating Income (loss):				
Healthcare (3)	$ 110,355	$ 88,213	$ 22,142	25.1%
Life Sciences	35,201	30,820	4,381	14.2%
Isomedix	39,348	35,924	3,424	9.5%
Total reportable segments	184,904	154,957	29,947	19.3%
Corporate and other	(7,185)	(6,689)	(496)	7.4%
Total Operating Income (loss)	$ 177,719	$ 148,268	$ 29,451	19.9%

(3) Includes an increase of $37,300 in the fiscal 2013 period resulting from the SYSTEM 1 Rebate Program and class action settlement.

Segment operating income is calculated as the segment's gross profit less direct expenses and indirect cost allocations, which results in the full allocation of all distribution and research and development expenses, and the partial allocation of corporate costs. Corporate cost allocations are based on each segment's percentage of revenues, headcount, or other variables in relation to those of the total Company. In addition, the Healthcare segment is responsible for the management of all but one manufacturing facility and uses standard cost to sell products to the Life Sciences segment. Corporate and other includes the revenues, gross profit and direct expenses of the Defense and Industrial business unit, as well as certain unallocated corporate costs related to being a publicly traded company and legacy pension and post-retirement benefits, as previously discussed.

The Healthcare segment's operating income increased $11.5 million to $45.5 million for the third quarter of fiscal 2013 as compared to $34.0 million in the same prior year period. The increase is attributable to the fiscal 2013 third quarter SYSTEM 1 class action adjustment of $15.8 million. Adjusted Healthcare operating income, excluding the impact of the adjustment related to the SYSTEM 1 class action adjustment during the quarter, was $29.7 million, a decrease of $4.3 million or 12.6% compared to the same prior year quarter (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). The Healthcare segment's operating income for the first nine months of fiscal 2013 increased $22.1 million to $110.4 million as compared to $88.2 million for the first nine months of fiscal 2012. The increase is attributable to the fiscal 2013 second quarter SYSTEM 1 Rebate Program adjustment of $21.5 million and the fiscal 2013 third quarter SYSTEM 1 class action settlement of $15.8 million. Adjusted Healthcare operating income, excluding the impact of the adjustments during the period, was $73.1 million, a decrease of $15.2 million or 17.2% compared to the same prior year period (see subsection of MD&A titled, "Non-GAAP

Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). The decline in adjusted Healthcare operating income reflects the impact of the expected post-transition decline in SYSTEM 1E unit sales, decline in SYSTEM 1 consumable volumes and expenses related to the recent acquisitions.

The Life Sciences segment's operating income increased $2.5 million, or 24.3%, to $12.8 million for the third quarter of fiscal 2013 as compared to $10.3 million for the same prior year period. The Life Sciences segment's operating income for the first nine months of fiscal 2013 increased by $4.4 million or 14.2% to $35.2 million as compared to $30.8 million in the first nine months of fiscal 2012. The segment's operating margin was 19.7% for the third quarter of fiscal 2013 compared to 18.4% for the third quarter of fiscal 2012. The segment's operating margin was 19.5% for the first nine months of fiscal 2013 compared to 18.4% for the first nine months of fiscal 2012. The increased operating margins in both the third quarter and the first nine months of fiscal 2013 is primarily attributable to higher revenues.

The Isomedix segment's operating income decreased $0.6 million or 5.5% to $11.1 million for the third quarter of fiscal 2013 as compared to $11.8 million for the same prior year period. The decrease was primarily attributable to new capacity brought online during the quarter. The Isomedix segment's operating income for the first nine months of fiscal 2013 increased $3.4 million or 9.5% to $39.3 million as compared to $35.9 million in the first first nine months of fiscal 2012, reflecting the benefits of increased revenues and improved operating efficiencies. The Isomedix operating margin was 25.6% for the third quarter of fiscal 2013 compared to 29.7% in the same prior year period; while the operating margin was 29.4% in the first nine months of fiscal 2013 compared to 29.5% in the first nine months of fiscal 2012.

Liquidity and Capital Resources

The following table summarizes significant components of our cash flows for the nine months ended December 31, 2012 and 2011:

	Nine Months Ended December 31,	
(dollars in thousands)	**2012**	**2011**
Operating activities:		
Net income	$ 118,596	$ 91,944
Non-cash items	77,006	73,626
Change in Accrued SYSTEM 1 Rebate Program and class action settlement	(63,516)	(27,449)
Changes in operating assets and liabilities	48,850	(25,282)
Net cash provided by operating activities	$ 180,936	$ 112,839
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	$ (63,878)	$ (54,238)
Proceeds from the sale of property, plant, equipment, and intangibles	29	—
Investments in businesses, net of cash acquired	(399,415)	(22,269)
Net cash used in investing activities	$ (463,264)	$ (76,507)
Financing activities:		
Proceeds from the issuance of long-term obligations	$ 100,000	$ —
Proceeds under credit facilities, net	210,890	—
Repurchases of common shares	(7,893)	(56,751)
Deferred financing fees and debt issuance costs	(1,581)	—
Cash dividends paid to common shareholders	(32,045)	(28,751)
Stock option and other equity transactions, net	14,517	3,749
Tax benefit from stock options exercised	2,161	816
Net cash provided by (used in) in financing activities	$ 286,049	$ (80,937)
Debt-to-total capital ratio	36.2%	21.3%
Free cash flow	$ 117,087	$ 58,601

Net Cash Provided By Operating Activities –The net cash provided by our operating activities was $180.9 million for the first nine months of fiscal 2013 as compared with $112.8 million for the first nine months of fiscal 2012. The increase in net cash provided by operating activities in fiscal 2013 is attributable to a decrease in cash needed to fund operating assets and liabilities and the cash benefit from a tax deduction related to the closure of our Swiss manufacturing operations.

Net Cash Used In Investing Activities – The net cash we used in investing activities totaled $463.3 million for the first nine months of fiscal 2013 compared with $76.5 million for the first nine months of fiscal 2012. The following discussion summarizes the significant changes in our investing cash flows for the first nine months of fiscal 2013 and fiscal 2012:

- Purchases of property, plant, equipment, and intangibles, net – Capital expenditures were $63.9 million for the first nine months of fiscal 2013 as compared to $54.2 million during the same prior year period.
- Investment in business, net of cash acquired – During the first nine months of fiscal 2013, we used $399.4 million in cash for the recent acquisitions of US Endoscopy, Spectrum, TRE and VTS.

Net Cash Provided By (Used In) Financing Activities – The net cash provided in financing activities amounted to $286.0 million for the first nine months of fiscal 2013 compared with net cash used in financing activities of $80.9 million for the first nine months of fiscal 2012. The following discussion summarizes the significant changes in our financing cash flows for the first nine months of fiscal 2013 and fiscal 2012:

- Proceeds from the issuance of long-term obligations – Proceeds of $100 million were raised from the issuance of private placement debt. These borrowings were used primarily for the repayment of existing credit facility debt.
- Proceeds under credit facilities, net – As of the end of the first nine months of fiscal 2013, we had outstanding borrowings of $210.9 million under our credit facility that were used to partially fund the recent acquisitions.
- Repurchases of common shares – During the first nine months of fiscal 2013, we repurchased 201,349 of our common shares and obtained 51 of our common shares in connection with stock based compensation awards for an aggregate amount of $7.9 million. During the same period in fiscal 2012, we paid for the repurchase of 1,851,510 of our common shares and obtained 22,927 of our common shares in connection with stock based compensation award programs for an aggregate amount of $56.8 million.
- Deferred financing fees and debt issuance costs – During fiscal 2013, we paid fees of $1.6 million related to the issuance of new notes in connection with the December 2012 Private Placement and the amendment and restatement of our revolving credit facility.
- Cash dividends paid to common shareholders – During the first nine months of fiscal 2013, we paid total cash dividends of $32.0 million, or $0.55 per outstanding common share. During the first nine months of fiscal 2012, we paid total cash dividends of $28.8 million, or $0.49 per outstanding common share.
- Stock option and other equity transactions, net – We receive cash for issuing common shares under our various employee stock option programs. During the first nine months of fiscal 2013 and fiscal 2012, we received cash proceeds totaling $14.5 million and $3.7 million, respectively, under these programs.

Cash Flow Measures. Free cash flow was $117.1 million in the first nine months of fiscal 2013 compared to $58.6 million in the prior year first nine months due to a decrease in cash needed to fund operating assets and liabilities and the cash benefit from a tax deduction related to the closure of our Swiss manufacturing operations (see subsection of MD&A titled, "Non-GAAP Financial Measures", for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Our debt-to-total capital ratio was 36.2% at December 31, 2012 and 21.3% at December 31, 2011.

Sources of Credit and Contractual and Commercial Commitments. Information related to our sources of credit and contractual and commercial commitments is included in our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012. Our commercial commitments were approximately $47.0 million at December 31, 2012, reflecting a net increase of $8.7 million in surety bonds and other commercial commitments from March 31, 2012. We amended and restated our credit facility on April 13, 2012 and amended it again on October 12, 2012 to increase the maximum aggregate borrowing limit (as amended, the "Facility"). The maximum aggregate borrowing limit under the Facility is now $400 million. The maximum aggregate borrowing limit is reduced by outstanding borrowings and letters of credit issued under a sub-limit within the Facility. There were $210.9 million in outstanding borrowings and no outstanding letters of credit at December 31, 2012. During December 2012, the Company issued $100 million in senior notes in a private placement and committed to issue and received commitments to purchase another $100 million notes from the same purchasers in February, 2013.

Cash Requirements. Currently, we intend to use our existing cash and cash equivalent balances, cash generated from operations, and our existing credit facilities for short-term and long-term capital expenditures and our other liquidity needs. We believe that these amounts will be sufficient to meet working capital needs, capital requirements, and commitments for at least the next twelve months. However, our capital requirements will depend on many uncertain factors, including our rate of sales growth, our Customers' acceptance of our products and services, the costs of obtaining adequate manufacturing capacities, the timing and extent of our research and development projects, and changes in our operating expenses. To the extent that our existing sources of cash are not sufficient to fund our future activities, we may need to raise additional funds through additional

borrowings or selling equity securities. We cannot assure you that we will be able to obtain additional funds on terms favorable to us, or at all.

Critical Accounting Policies, Estimates, and Assumptions

Information related to our critical accounting policies, estimates, and assumptions is included in our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012. Our critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2012 with the exception of the estimation of the SYSTEM 1 Rebate Program and class action settlement liabilities.

SYSTEM 1 Rebate Program and Class Action Settlement

The SYSTEM 1 Rebate Program (the "Rebate Program") was initially recognized during the first quarter of fiscal 2011. The rebate portion of the Rebate Program was recognized as contra-revenue consistent with other returns and allowances offered to Customers. The estimated costs to facilitate the disposal of the returned SYSTEM 1 processors portion of the Rebate Program were recognized as cost of revenues. Both components are recorded as current liabilities. The key assumptions involved in the estimates associated with the Rebate Program included: the number and age of SYSTEM 1 processors eligible for rebates under the Rebate Program, the number of Customers that would elect to participate in the Rebate Program, the proportion of Customers that would choose each rebate option, and the estimated per unit costs of disposal.

The Rebate Program ended August 2, 2012. Through December 31, 2012, Customers have utilized or committed to utilize rebates totaling approximately $66.6 million on orders placed since the initiation of the Rebate Program. Additional Customer orders utilizing rebates are not anticipated although exceptions can be made at the discretion of the Company and existing orders may be modified or canceled by Customers. Remaining disposal costs are based on the actual costs experienced to date.

During the second quarter of fiscal 2013, we adjusted the liability related to the SYSTEM 1 Rebate Program. The total pre-tax adjustment was $21.5 million, of which $20.4 million was recorded as an increase to revenue for the Customer Rebate portion, and $1.1 million was recorded as a reduction to cost of revenues related to the disposal portion of the liability. This adjustment resulted primarily from a lower number of eligible Customers electing to participate in the Rebate Program than previously estimated. The remaining recorded accrual is $4.3 million as of December 31, 2012.

The SYSTEM 1 class action settlement was initially recognized during the third quarter of fiscal 2011. The claim submission deadline was December 31, 2012. As a result, during the third quarter of fiscal 2013, we adjusted the liability related to the SYSTEM 1 class action settlement. The pretax adjustment of $15.8 million, was recorded as a reduction to operating expenses. The remaining recorded accrual is $1.2 million as of December 31, 2012 and is based on actual claims submitted.

Contingencies

We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation), financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We record a liability for such contingencies to the extent we conclude that their occurrence is both probable and estimable. We consider many factors in making these assessments, including the professional judgment of experienced members of management and our legal counsel. We have made estimates as to the likelihood of unfavorable outcomes and the amounts of such potential losses. In our opinion, the ultimate outcome of these proceedings and claims is not anticipated to have a material adverse affect on our consolidated financial position, results of operations, or cash flows. However, the ultimate outcome of proceedings, government investigations, and claims is unpredictable and actual results could be materially different from our estimates. We record expected recoveries under applicable insurance contracts when we are assured of recovery. Refer to Part II, Item 1, "Legal Proceedings" for additional information.

We are subject to taxation from United States federal, state and local, and foreign jurisdictions. Tax positions are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Changes in applicable tax law or other events may also require us to revise past estimates. The IRS routinely conducts audits of our federal income tax returns. We are no longer subject to United States federal examinations for years before fiscal 2010 and, with limited exceptions, we are no longer subject to United States state and local, or non-United States, income tax examinations by tax authorities for years before fiscal 2008. We remain subject to tax authority audits in various other jurisdictions in which we operate. If we prevail in matters for which accruals have been recorded, or are required to pay amounts in excess of recorded accruals, our effective income tax rate in a given financial statement period could be materially impacted.

Additional information regarding our commitments and contingencies is included in note 10 to our consolidated financial statements titled, “Commitments and Contingencies.”

International Operations

Since we conduct operations outside of the United States using various foreign currencies, our operating results are impacted by foreign currency movements relative to the U.S. dollar. During the third quarter of fiscal 2013, our revenues were unfavorably impacted by $0.4 million, or 0.1%, and income before taxes was unfavorably impacted by $0.9 million, or 1.4%, as a result of foreign currency movements relative to the U.S. dollar. During the first nine months of fiscal 2013, our revenues were unfavorably impacted by $7.7 million, or 0.7%, and income before taxes was favorably impacted by $4.2 million, or 2.6%, as a result of foreign currency movements relative to the U.S. dollar.

Forward-Looking Statements

This Form 10-Q may contain statements concerning certain trends, expectations, forecasts, estimates, or other forward-looking information affecting or relating to the Company or its industry, products or activities that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 and other laws and regulations. Forward-looking statements speak only as to the date of this report, and may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," "outlook," "impact," "potential," "confidence," "improve," "optimistic," "deliver," "comfortable," "trend", and "seeks," or the negative of such terms or other variations on such terms or comparable terminology. Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or litigation, competitive factors, technology advances, actions of regulatory agencies, and changes in laws, government regulations, labeling or product approvals or the application or interpretation thereof. Other risk factors are described herein and in the Company's Form 10-K and other securities filings. Many of these important factors are outside STERIS's control. No assurances can be provided as to any result or the timing of any outcome regarding matters described herein or otherwise with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, consent decree, rebate program, transition, cost reductions, business strategies, earnings or revenue trends or future financial results (including without limitation the settlement of the SYSTEM 1 class action litigation and the regulatory matters related to SYSTEM 1E or its accessories). References to products, the consent decree, the transition or rebate program, or the class action settlement, are summaries only and should not be considered the specific terms of the decree, settlement, program or product clearance or literature. Unless legally required, the Company does not undertake to update or revise any forward-looking statements even if events make clear that any projected results, express or implied, will not be realized. Other potential risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, (a) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (b) the possibility that market demand will not develop for new technologies, products or applications, or business initiatives will take longer, cost more or produce lower benefits than anticipated, (c) the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, including without limitation those relating to FDA warning notices or letters, government investigations, the SYSTEM 1E device, the outcome of any pending FDA requests, inspections or submissions, or other requirements or standards may delay, limit or prevent new product introductions, affect the production and marketing of existing products or services or otherwise affect Company performance, results, prospects or value, (d) the potential of international unrest, economic downturn or effects of currencies, tax assessments, adjustments or anticipated rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs, (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products and services, (f) the possibility that anticipated growth, cost savings, new product acceptance, performance or approvals, including without limitation SYSTEM 1E and accessories thereto, or other results may not be achieved, or that transition, labor, competition, timing, execution,

regulatory, governmental, or other issues or risks associated with our business, industry or initiatives including, without limitation, the consent decree, and the transition from the SYSTEM 1 processing system and adjustments to related reserves or those matters described in our Form 10-K for the year ended March 31, 2012 and other securities filings, may adversely impact Company performance, results, prospects or value, (g) the possibility that anticipated financial results or benefits of recent acquisitions will not be realized or will be other than anticipated, (h) the effect of the contraction in credit availability, as well as the ability of our Customers and suppliers to adequately access the credit markets when needed, and (i) those risks described in our securities filings including our Annual Report on Form 10-K for the year ended March 31, 2012, and other securities filings.

Availability of Securities and Exchange Commission Filings

We make available free of charge on or through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports as soon as reasonably practicable after we file such material with, or furnish such material to, the Securities Exchange Commission ("SEC.") You may access these documents on the Investor Relations page of our website at *http://www.steris-ir.com*. The information on our website is not incorporated by reference into this report. You may also obtain copies of these documents by visiting the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549, or by accessing the SEC's website at *http://www.sec.gov*. You may obtain information on the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, we are subject to interest rate, foreign currency, and commodity risks. Information related to these risks and our management of these exposures is included in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012. Our exposures to market risks have not changed materially since March 31, 2012.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision of and with the participation of our management, including the Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as of the end of the period covered by this Quarterly Report. Based on that evaluation, including the assessment and input of our management, the PEO and PFO concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, that occurred during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation), financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We believe we have adequately reserved for our current litigation and claims that are probable and estimable, and further believe that the ultimate outcome of these pending lawsuits and claims will not have a material adverse affect on our consolidated financial position or results of operations taken as a whole. Due to their inherent uncertainty, however, there can be no assurance of the ultimate outcome or effect of current or future litigation, investigations, claims or other proceedings (including without limitation the FDA-related matters discussed below). For certain types of claims, we presently maintain insurance coverage for personal injury and property damage and other liability coverages in amounts and with deductibles that we believe are prudent, but there can be no assurance that these coverages will be applicable or adequate to cover adverse outcomes of claims or legal proceedings against us.

As previously disclosed, we received a warning letter (the “warning letter”) from the FDA on May 16, 2008 regarding our SYSTEM 1 sterile processor and the STERIS® 20 sterilant used with the processor (sometimes referred to collectively in the FDA letter and in this Item 1 as the “device”). Among other matters, the warning letter included the FDA's assertion that significant changes or modifications had been made in the design, components, method of manufacture, or intended use of the device beyond the FDA's 1988 clearance, such that the FDA believed a new premarket notification submission (known within FDA regulations as a 510(k) submission) should have been made, and the assertion that our failure to make such a submission resulted in violations of applicable law. On July 30, 2008 (with an Addendum on October 9, 2008), we provided a detailed response contending that the assertions in the warning letter were not correct. On November 4, 2008, we received a letter from the FDA (dated November 3, 2008) in which the FDA stated without elaboration that, after reviewing our response, it disagreed with our position and that a new premarket notification submission was required. After discussions with the FDA regarding the November 3rd letter, we received an additional letter on November 6, 2008 from the FDA. The November 6th letter stated that the intent of the November 3rd letter was to inform us of the FDA's preliminary disagreement with our response to the warning letter and, before finalizing a position, the FDA reiterated that it wanted to meet with us to discuss the Company's response, issues related to the warning letter and next steps to resolve any differences between the Company and the FDA. We thereafter met with the FDA and, on January 20, 2009, we announced that we had submitted to the FDA a new liquid chemical sterilant processing system for 510(k) clearance, and we communicated to Customers that we would continue supporting the existing SYSTEM 1 installed base in the U.S. for at least a two year period from that date.

On December 3, 2009, the FDA provided a notice (“notice”) to healthcare facility administrators and infection control practitioners describing FDA's “concerns about the SYSTEM 1 Processor, components and accessories, and FDA recommendations.” In the notice, among other things, FDA stated its belief that the SYSTEM 1 device had been significantly modified, that FDA had not cleared or approved the modified device, and that FDA had not determined whether the SYSTEM 1 was safe or effective for its labeled claims. The notice further stated that use of a device that does not properly sterilize or disinfect a medical or surgical device poses risks to patients and users, including the transmission of pathogens, exposure to hazardous chemicals and may affect the quality and functionality of reprocessed instruments. The notice stated that FDA was aware of reports of malfunctions of the SYSTEM 1 that had the potential to cause or contribute to serious injuries to patients, such as infections, or injuries to healthcare staff, such as burns. Included in FDA's December 3, 2009 notice was a recommendation from FDA that if users had acceptable alternatives to meet sterilization and disinfection needs, they should transition to that alternative as soon as possible. After its December 3, 2009 notice, we engaged in extensive discussions with the FDA regarding a comprehensive resolution of this matter. On February 2, 2010, the FDA notified healthcare facility administrators and infection control practitioners that FDA's total recommended time period for transitioning from SYSTEM 1 in the U.S. was 18 months from that date.

On April 5, 2010, we received FDA clearance of the new liquid chemical sterilant processing system (SYSTEM 1E). Also in April 2010 we reached agreement with the FDA on the terms of a consent decree (“Consent Decree”). On April 19, 2010, a Complaint and Consent Decree were filed in the U.S. District Court for the Northern District of Ohio, and on April 20, 2010, the Court approved the Consent Decree. In general, the Consent Decree addresses regulatory matters regarding SYSTEM 1,

restricts further sales of SYSTEM 1 processors in the U.S., defines certain documentation and other requirements for continued service and support of SYSTEM 1 in the U.S., prohibits the sale of liquid chemical sterilization or disinfection products in the U.S. that do not have FDA clearance, describes various process and compliance matters, and defines penalties in the event of violation of the Consent Decree.

The Consent Decree also provides that we may continue to support our Customers' use of SYSTEM 1 in the U.S., including the sale of consumables, parts and accessories and service for a transition period, not to extend beyond August 2, 2011, subject to compliance with requirements for documentation of the Customer's need for continued support and other conditions and limitations (the “Transition Plan”). This transition period has since been extended by the FDA until August 2, 2012. Our Transition Plan included the “SYSTEM 1 Rebate Program” (the “Rebate Program”). In April 2010, we began to offer rebates to qualifying Customers. Generally, U.S. Customers that purchased SYSTEM 1 processors directly from us or who were users of SYSTEM 1 at the time the Rebate Program was introduced and who returned their units had the option of either a pro-rated cash rebate or rebate toward the future purchase of new STERIS capital equipment (including SYSTEM 1E) or consumable products. In addition, we provided credits for the return of SYSTEM 1 consumables in unbroken packaging and within shelf life and for the unused portion of SYSTEM 1 service contracts. The Rebate Program ended on August 2, 2012. During the second quarter of fiscal year 2013, we adjusted the liability related to the Rebate Program. No further material adjustments are expected.

The Consent Decree has defined the resolution of a number of issues regarding SYSTEM 1, and we believe our actions with respect to SYSTEM 1, including the Transition Plan, were and are not recalls, corrections or removals under FDA regulations. However, there is no assurance that these or other claims will not be brought or that judicial, regulatory, administrative or other legal or enforcement actions, notices or remedies will not be pursued, or that action will not be taken in respect of the Consent Decree, the Transition Plan, SYSTEM 1, or otherwise with respect to regulatory or compliance matters, as described in this Item 1 and in various portions of Item 1A. of Part I of our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

In December of 2010, we began shipping SYSTEM 1E units after having received FDA clearance for the SYSTEM 1E chemical indicator, which is used in conjunction with the SYSTEM 1E. We also submitted a 510(k) to FDA for an optional spore-based indicator strip for use with SYSTEM 1E. Thereafter, as a result of discussions with FDA, we filed a de novo submission requesting classification of this strip in accordance with Section 513(f)(2) of the Federal Food Drug & Cosmetic Act. The de novo process is part of the initial classification for new devices. This spore-based monitoring strip received FDA clearance on March 30, 2012. This new clearance does not affect the prior clearance of the SYSTEM 1E processor or the SYSTEM 1E chemical indicator.

On February 5, 2010, a complaint was filed by a Customer that claimed to have purchased two SYSTEM 1 devices from STERIS, Physicians of Winter Haven LLC d/b/a Day Surgery Center v. STERIS Corp., Case No. 1:1-cv-00264-CAB (N.D. Ohio). The complaint alleged statutory violations, breaches of various warranties, negligence, failure to warn, and unjust enrichment and Plaintiff sought class certification, damages, and other legal and equitable relief including, without limitation, attorneys' fees and an order requiring STERIS to replace, recall or adequately repair the product and/or to take appropriate regulatory action. On February 7, 2011 we entered into a settlement agreement in which we agreed, among other things, to provide various categories of economic relief for members of the settlement class and not object to plaintiff's counsel's application to the court for attorneys' fees and expenses up to a specified amount. Certification of a settlement class was approved and final approval of the settlement was given by the court in the first quarter of fiscal 2012.

On May 31, 2012, our Albert Browne Limited subsidiary received a warning letter from the FDA regarding chemical indicators manufactured in the United Kingdom. These devices are intended for the monitoring of certain sterilization and other processes. The FDA warning letter states that the agency has concerns regarding operational business processes. We do not believe that the FDA's concerns are related to product performance, or that they result from Customer complaints. We have reviewed our processes with the agency and finalized our remediation measures, and are awaiting FDA reinspection. We do not currently believe that the impact of this event will have a material adverse effect on our financial results.

Other civil, criminal, regulatory or other proceedings involving our products or services also could possibly result in judgments, settlements or administrative or judicial decrees requiring us, among other actions, to pay damages or fines or effect recalls, or be subject to other governmental, Customer or other third party claims or remedies, which could materially affect our business, performance, prospects, value, financial condition, and results of operations.

For additional information regarding these matters, see the following portions of our Annual Report on Form 10-K for the fiscal year ended March 31, 2012: “Business - Information with respect to our Business in General - Government Regulation”, and the “Risk Factor” titled: “We may be adversely affected by product liability claims or other legal actions or regulatory or compliance matters, including the Warning Letter and Consent Decree” and the “Risk Factor” titled “Compliance with the Consent Decree may be more costly and burdensome than anticipated.”

From time to time, STERIS is also involved in legal proceedings as a plaintiff involving contract, patent protection, and other claims asserted by us. Gains, if any, from these proceedings are recognized when they are realized.

Additional information regarding our contingencies is included in Item 7 of Part II, titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations, of our Annual Report on Form 10-K for the year ended March 31, 2012 dated with the SEC on May 29, 2012, and in this Form 10-Q in note 10 to our consolidated financial statements titled "Commitments and contingencies."

ITEM 1A. RISK FACTORS

We believe there have been no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, dated May 29, 2012, that would materially affect our business, results of operations, or financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the third quarter of fiscal 2013, we obtained 50,852 of our common shares in connection with stock based compensation award programs. We also repurchased 157,400 of our shares during the third quarter of fiscal 2013. These repurchases were made pursuant to a single repurchase program which was approved by our Board of Directors and announced on March 14, 2008, authorizing the repurchase of up to $300.0 million of our common shares. As of December 31, 2012, $111.6 million in common shares remained authorized for repurchase under this authorization. This common share repurchase authorization does not have a stated maturity date. The following table summarizes the common shares repurchase activity during the third quarter of fiscal 2013 under our common share repurchase program:

	(a) Total Number of Shares Purchased		(b) Average Price Paid Per Share		(c) Total Number of Shares Purchased as Part of Publicly Announced Plans	(d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans at Period End
October 1-31	—		$ —		—	$ 116,888
November 1-30	103,400		33.19		103,400	113,457
December 1-31	54,000		33.83		54,000	111,630
Total	157,400	(1)	$ 33.41	(1)	157,400	$ 111,630

(1) Does not include 380 shares purchased during the quarter at an average price of $34.47 per share by the STERIS Corporation 401(k) Plan on behalf of certain executive officers of the Company who may be deemed to be affiliated purchasers.

ITEM 6. EXHIBITS

Exhibits required by Item 601 of Regulation S-K

Exhibit Number	Exhibit Description
3.1	1992 Amended Articles of Incorporation of STERIS Corporation, as amended on May 14, 1996, November 6, 1996, and August 6, 1998 (filed as Exhibit 3.1 to Form 10-K filed for the fiscal year ended March 31, 2000 (Commission File No. 1-14643), and incorporated herein by reference).
3.2	Amended and Restated Regulations of STERIS Corporation, as amended on July 26, 2007 (filed as Exhibit 3.2 to Form 10-Q for the fiscal quarter ended June 30, 2007 (Commission File No. 1-14643), and incorporated herein by reference).
4.1	Specimen Form of Common Stock Certificate (filed as Exhibit 4.1 to Form 10-K filed for the fiscal year ended March 31, 2002 (Commission File No. 1-14643), and incorporated herein by reference).
10.1	Joinder Supplement to Third Amended and Restated Guaranty of Payment made by United States Endoscopy Group, Inc. and dated October 9, 2012.
10.2	Guaranty Supplement dated October 10, 2012 by United States Endoscopy Group, Inc. and STERIS Corporation.
10.3	Guaranty Supplement dated October 10, 2012 by United States Endoscopy Group, Inc. and STERIS Corporation.
10.4	Amendment No. 1 dated October 12, 2012 to Third Amended and Restated Credit Agreement, dated as of April 13, 2012, among STERIS Corporation, KeyBank National Association as agent for the lenders from time to time party thereto and such lenders.
10.5	Stock Purchase Agreement dated October 16, 2012 between STERIS Corporation, Richard J. and Michelle A. Schultz, individually and as trustees of certain trusts, such trusts and Spectrum Surgical Instruments Corp.
10.6	Joinder Supplement to Third Amended and Restated Guaranty of Payment made by Spectrum Surgical Instruments Corp. and dated October 29, 2012.
10.7	Guaranty Supplement dated October 29, 2012 by Spectrum Surgical Instruments Corp. and STERIS Corporation.
10.8	Guaranty Supplement dated October 29, 2012 by Spectrum Surgical Instruments Corp. and STERIS Corporation.
10.9	Form of Note Purchase Agreements dated as of December 4, 2012, between STERIS Corporation and certain institutional investors.
10.10	Subsidiary Guaranty dated as of December 4, 2012, by certain subsidiaries of STERIS Corporation
10.11	Amendment to Nonqualified Stock Option Agreement
10.12	Form of Nonqualified Stock Option Agreement for Nonemployee Directors
10.13	Form of Nonqualified Stock Option Agreement for Employees
10.14	Form of Nonqualified Stock Option Agreement for Employees
15.1	Letter Re: Unaudited Interim Financial Information.
31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant Section 906 of the Sarbanes-Oxley Act of 2002.
EX-101	Instance Document.
EX-101	Schema Document.
EX-101	Calculation Linkbase Document.
EX-101	Definition Linkbase Document.
EX-101	Labels Linkbase Document.
EX-101	Presentation Linkbase Document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STERIS Corporation

/s/ MICHAEL J. TOKICH

Michael J. Tokich
Senior Vice President and Chief Financial Officer
February 8, 2013

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EXHIBIT 10.1

JOINDER SUPPLEMENT
TO
THIRD AMENDED AND RESTATED GUARANTY OF PAYMENT

This JOINDER SUPPLEMENT TO THIRD AMENDED AND RESTATED GUARANTY OF PAYMENT, dated as of October 9, 2012 (this "Supplement"), is made by United States Endoscopy Group, Inc., an Ohio corporation (together with its successors and assigns, the "Additional Guarantor").

Recitals:

A. STERIS Corporation, an Ohio corporation (the "Borrower"), is a party to the Third Amended and Restated Credit Agreement, dated as of April 13, 2012 (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement"), with the lenders from time to time party thereto (collectively, the "Lenders"), and KeyBank National Association, as agent for the Lenders (the "Agent").

B. In connection with the Credit Agreement, the Third Amended and Restated Guaranty of Payment, dated as of April 13, 2012 (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Guaranty"), was executed by the Guarantors, as defined in the Guaranty, in favor of the Agent, for the benefit of the Lenders.

C. The Additional Guarantor is a Material Subsidiary of the Borrower and, pursuant to Section 5.19 of the Credit Agreement, is required to become a "Guarantor" under the Guaranty and to guarantee, for the benefit of Agent and the Lenders, all of the Debt, as defined in the Credit Agreement.

D. The Additional Guarantor deems it to be in its direct pecuniary and business interests to become a "Guarantor" under the Guaranty and, accordingly, desires to enter into this Supplement in order to satisfy the condition described in the preceding paragraph and to induce the Agent and the Lenders, to make financial accommodations to or for the benefit of the Additional Guarantor.

E. The Additional Guarantor desires to become a Guarantor under the Guaranty.

Agreement:

In consideration of the foregoing and the other benefits accruing to the Additional Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Additional Guarantor covenants and agrees with the Agent and the Lenders as follows:

1. Definitions. Capitalized terms used in this Supplement and not otherwise defined herein or in the Guaranty shall have the meanings given to such terms in the Credit Agreement.

2. Supplement; Guaranty. The Additional Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Supplement, on and after the date hereof it shall become a party to the Guaranty and shall be fully bound by, and subject to, all of the covenants, terms, obligations and conditions of the Guaranty applicable to a "Guarantor" as though originally party thereto as a "Guarantor," and the Additional Guarantor shall be deemed a "Guarantor" for all purposes of the Guaranty and the other Loan Documents. The Additional Guarantor acknowledges and confirms that it has received a copy of the Guaranty, the other Loan Documents and all exhibits thereto and has reviewed and understands all of the terms and provisions thereof. The Additional Guarantor (a) agrees that it will comply with all the terms and conditions of the Guaranty as if it were an original signatory thereto, and (b) irrevocably and unconditionally guarantees to the Agent and the Lenders the prompt payment in full of all of the Debt, whether now existing or hereafter arising, as and when the respective parts thereof become due and payable (whether at the stated maturity, by acceleration or otherwise).

3. Representations and Warranties. The Additional Guarantor, as of the date hereof, hereby:

(a) makes to the Agent and the Lenders each of the representations and warranties contained in the Guaranty applicable to a Guarantor, except it is understood that Guarantor is in the process of qualifying, but is not presently qualified, in those jurisdictions in which it holds assets; and

(b) represents and warrants that upon the execution and delivery of this Supplement, all of the conditions set forth in Section 5.19 of the Credit Agreement have been satisfied.

4. Successors and Assigns; Entire Agreement. This Supplement is binding upon and shall inure to the benefit of the Additional Guarantor, the Agent and each of the Lenders and their respective successors and assigns. This Supplement and the Guaranty set forth the entire agreement and understanding between the parties as to the subject matter hereof and merge and supercede all prior discussions, agreements and understandings of any and every nature among them. This Supplement shall be a Loan Document under the Credit Agreement.

5. Effect of this Supplement. Except as supplemented hereby, the Guaranty is hereby ratified and confirmed and shall remain in full force and effect.

6. Effectiveness. This Supplement shall not become effective unless and until it shall have been executed and delivered by the Additional Guarantor to the Agent and acknowledged and agreed to by each other Guarantor under the Guaranty.

7. Headings. The descriptive headings of this Supplement are for convenience or reference only and do not constitute a part of this Supplement.

8. Governing Law. This Supplement is governed by and construed in accordance with Ohio law, without regard to principals of conflict of laws.

9. JURY TRIAL WAIVER. THE ADDITIONAL GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SUPPLEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.IN WITNESS WHEREOF, the Additional Guarantor has duly executed this Supplement as of the date first written above.

United States Endoscopy Group, Inc.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

Acknowledged and agreed to:

STERIS CORPORATION
AMERICAN STERILIZER COMPANY
STERIS INC.
ISOMEDIX OPERATIONS INC.
STERIS ISOMEDIX SERVICES, INC.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

EXHIBIT 10.2

GUARANTY SUPPLEMENT

To the Holders of the Series A-2 Notes
and Series A-3 Notes (as
hereinafter defined) of STERIS
Corporation (the "Company")

Re: United States Endoscopy Group, Inc. – 2003 Senior Note Issuance

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company issued the following notes (a) $40,000,000 aggregate principal amount of its 5.25% Senior Notes, Series A-2, due December 15, 2013 (the "Series A-2 Notes") and (b) $20,000,000 aggregate principal amount of its 5.38% Senior Notes, Series A-3, due December 15, 2015 (the "Series A-3 Notes"; the Series A-2 Notes and the Series A-3 Notes shall be collectively referred to herein to the "Notes") pursuant to those certain Note Purchase Agreements dated as of December 17, 2003 (the "Note Purchase Agreements") between the Company and each of the purchasers named on Schedule A thereto (the "Initial Note Purchasers").

WHEREAS, as a condition precedent to their purchase of the Notes, the Initial Note Purchasers required that certain subsidiaries of the Company enter into a Subsidiary Guaranty as security for the Notes (the "Guaranty").

Pursuant to Section 9.7 of the Note Purchase Agreements, the Company has agreed to cause the undersigned, United States Endoscopy Group, Inc., a corporation formed under the laws of Ohio (the "Additional Guarantor"), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreements and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Vice President and Treasurer of the Additional Guarantor, a direct or indirect subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: October 10, 2012

United States Endoscopy Group, Inc.

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Treasurer

Accepted and Agreed:

STERIS CORPORATION

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Corporate Treasurer

CONFORMED COPY

SUBSIDIARY GUARANTY

Dated as of December 17, 2003

Re: $40,000,000 4.20% Senior Notes, Series A-1, due December 15, 2008 $40,000,000 5.25% Senior Notes, Series A-2, due December 15, 2013 $20,000,000 5.38% Senior Notes, Series A-3, due December 15, 2015

of

STERIS CORPORATION

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(Not a part of the Agreement)

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SUBSIDIARY GUARANTY

Re: $40,000,000 4.20% Senior Notes, Series A-1, due December 15, 2008 $40,000,000 5.25% Senior Notes, Series A-2, due December 15, 2013 $20,000,000 5.38% Senior Notes, Series A-3, due December 15, 2015

This SUBSIDIARY GUARANTY dated as of December 17, 2003 (the or this *"Guaranty")* is entered into on a joint and several basis by each of the undersigned, together with any entity which may become a party hereto by execution and delivery of a Guaranty Supplement in substantially the form set forth as Exhibit A hereto (a *"Guaranty Supplement")* (which parties are hereinafter referred to individually as a *"Guarantor"* and collectively as the *"Guarantors").*

RECITALS

A. Each Guarantor is a direct or indirect subsidiary of STERIS Corporation, an Ohio corporation (the *"Company").*

B. In order to refinance certain debt and for general corporate purposes, the Company has entered into those certain Note Purchase Agreements dated as of December 17, 2003 (the *"Note Purchase Agreements")* between the Company and each of the purchasers named on Schedule A thereto (the *"Initial Note Purchasers";* the Initial Note Purchasers, together with their successors, assigns or any other future holder of the Notes (as defined below), the *"Holders"),* providing for, *inter alia,* the issue and sale by the Company to the Initial Note Purchasers of $40,000,000 aggregate principal amount of its 4.20% Senior Notes, Series A-1, due December 15, 2008, $40,000,000 aggregate principal amount of its 5.25% Senior Notes, Series A-2, due December 15, 2013 and $20,000,000 aggregate principal amount of its 5.38% Senior Notes, Series A-3, due December 15, 2015.

C. The Initial Note Purchasers have required as a condition to their purchase of the Notes that the Company cause each of the undersigned to enter into this Guaranty and to cause each Subsidiary (as defined in the Note Purchase Agreements) that after the date hereof delivers a guaranty pursuant to the Bank Credit Agreement (as defined in the Note Purchase Agreements) to enter into a Guaranty Supplement, in each case as security for the Notes, and the Company has agreed to cause each of the undersigned to execute this Guaranty and to cause such additional Subsidiaries to execute a Guaranty Supplement, in each case in order to induce the Initial Note Purchasers to purchase the Notes and thereby benefit the Company and its Subsidiaries.

D. Each of the Guarantors will derive substantial direct and indirect benefit from the sale of the Notes to the Initial Note Purchasers.

Now, THEREFORE, as required by the Note Purchase Agreements and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, each Guarantor does hereby covenant and agree, jointly and severally, as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used herein shall have the meanings set forth in the Note Purchase Agreements unless herein defined or the context shall otherwise require.

SECTION 2. GUARANTY OF NOTES AND NOTE PURCHASE AGREEMENTS.

(a) Subject to the limitation set forth in Section 2(b) hereof and to the provisions of **Section 13** hereof, each Guarantor jointly and severally does hereby absolutely and unconditionally guarantee unto the Holders: (1) the full and prompt payment of the principal of, Make-Whole Amount, if any, and interest on the Notes from time to time outstanding, as and when such payments shall become due and payable whether by lapse of time, upon redemption or prepayment, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, Make-Whole Amount, if any, or interest at the rate set forth in the Notes and interest accruing at the then applicable rate provided in the Notes after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) in Federal or other immediately available funds of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts, (2) the full and prompt performance and observance by the Company of each and all of the obligations, covenants and agreements required to be performed or owed by the Company under the terms of the Notes and the Note Purchase Agreements and (3) the full and prompt payment, upon demand by any Holder, of all reasonable actual out of pocket costs and expenses, legal or otherwise (including attorneys' fees), if any, as shall have been expended or incurred in the protection or enforcement of any rights, privileges or liabilities in favor of the Holders under or in respect of the Notes, the Note Purchase Agreements or under this Guaranty or in any consultation or action in connection therewith or herewith and in each and every case irrespective of the validity, regularity, or enforcement of any of the Notes or Note Purchase Agreements or any of the terms thereof or any other like circumstance or circumstances.

(b) The liability of each Guarantor under this Guaranty shall not exceed an amount equal to a maximum amount as will, after giving effect to such maximum amount and all other liabilities of such Guarantor, contingent or otherwise, result in the obligations of such Guarantor hereunder not constituting a fraudulent transfer, obligation or conveyance.

SECTION 3. GUARANTY OF PAYMENT AND PERFORMANCE.

This is a guarantee of payment and performance and each Guarantor hereby waives, to the fullest extent permitted by law, any right to require that any action on or in respect of any Note or the Note Purchase Agreements be brought against the Company or any other Person or that resort be had to any direct or indirect security for the Notes or for this Guaranty or any other remedy. Any Holder may, at its option, proceed hereunder against any Guarantor in the first instance to collect monies when due, the payment of which is guaranteed hereby, without first proceeding against the Company or any other Person and without first resorting to any direct or indirect security for the Notes or for this Guaranty or any other remedy. The liability of each Guarantor hereunder

shall in no way be affected or impaired by any acceptance by any Holder of any direct or indirect security for, or other guaranties of, any Debt, liability or obligation of the Company or any other Person to any Holder or by any failure, delay, neglect or omission by any Holder to realize upon or protect any such guarantees, Debt, liability or obligation or any notes or other instruments evidencing the same or any direct or indirect security therefor or by any approval, consent, waiver, or other action taken, or omitted to be taken by any such Holder.

The covenants and agreements on the part of the Guarantors herein contained shall take effect as joint and several covenants and agreements, and references to the Guarantors shall take effect as references to each of them and none of them shall be released from liability hereunder by reason of the guarantee ceasing to be binding as a continuing security on any other of them.

SECTION 4. GENERAL PROVISIONS RELATING TO THE GUARANTY.

(a) Each Guarantor hereby consents and agrees that any Holder or Holders from time to time, with or without any further notice to or assent from any other Guarantor may, without in any manner affecting the liability of any Guarantor under this Guaranty, and upon such terms and conditions as any such Holder or Holders may deem advisable:

(1) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the performance or payment of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligations of the Company on the Notes, or waive any Default with respect thereto, or waive, modify, amend or change any provision of any other agreement or this Guaranty; or

(2) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such Holder as direct or indirect security for the payment or performance of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes; or

(3) settle, adjust or compromise any claim of the Company against any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes.

Each Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives, to the fullest extent permitted by law, any and all defenses, counterclaims or offsets which it might or could have by reason thereof, it being understood that such Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(b) Each Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty by the Holders or of the creation, renewal or accrual of any liability of the Company, present or future, or of the reliance of such Holders upon this Guaranty (it being understood that every Debt, liability and obligation described in **Section 2** hereof shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty);

(2) demand of payment by any Holder from the Company or any other Person indebted in any manner on or for any of the Debt, liabilities or obligations hereby guaranteed; and

(3) presentment for the payment by any Holder or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to such Guarantor.

The obligations of each Guarantor under this Guaranty and the rights of any Holder to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise, shall not be subject to any reduction, limitation, impairment or termination (other than by payment in full of the Notes and the obligations of the Company under the Note Purchase Agreements), whether by reason of any claim of any character whatsoever or otherwise and shall not be subject to any defense, set-off, counterclaim (other than any compulsory counterclaim), recoupment or termination whatsoever.

(c) Subject to **Section 13** hereof, the obligations of the Guarantors hereunder shall be binding upon the Guarantors and their successors and assigns, and shall remain in full force and effect until the entire principal, interest and Make-Whole Amount, if any, on the Notes and all other sums due pursuant to **Section 2** shall have been paid and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to or the consent of the Guarantors:

(1) the genuineness, validity, regularity or enforceability of the Notes, the Note Purchase Agreements or any other agreement or any of the terms of any thereof, the continuance of any obligation on the part of the Company, any other Guarantors or any other Person on or in respect of the Notes or under the Note Purchase Agreements or any other agreement or the power or authority or the lack of power or authority of the Company to issue the Notes or the Company to execute and deliver the Note Purchase Agreements or any other agreement or of any other Guarantors to execute and deliver this Guaranty or any other agreement or to perform any of its obligations hereunder or the existence or continuance of the Company or any other Person as a legal entity; or

(2) any default, failure or delay, willful or otherwise, in the performance by the Company, any other Guarantor or any other Person of any obligations of any kind or character whatsoever under the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(3) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Company, any other Guarantor or any other Person or in respect of the property of the Company, any other Guarantor or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Company, any other Guarantor or any other Person; or

(4) impossibility or illegality of performance on the part of the Company, any other Guarantor or any other Person of its obligations under the Notes, the Note Purchase Agreements, this Guaranty or any other agreements; or

(5) in respect of the Company, any other Guarantors or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Company, any other Guarantors or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other *force majeure*, whether or not beyond the control of the Company, any other Guarantors or any other Person and whether or not of the kind hereinbefore specified; or

(6) any attachment, claim, demand, charge, Lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, Debt, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against the Company, any Guarantor or any other Person or any claims, demands, charges or Liens of any nature, foreseen or unforeseen, incurred by the Company, any Guarantor or any other Person, or against any sums payable in respect of the Notes or under the Note Purchase Agreements or this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided; or

(7) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Company, any Guarantor or any other Person of its respective obligations under or in respect of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(8) the failure of any Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty; or

(9) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to any Guarantor of failure of the Company, any

Guarantor or any other Person to keep and perform any obligation, covenant or agreement under the terms of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or failure to resort for payment to the Company, any other Guarantor or to any other Person or to any other guaranty or to any property, security, Liens or other rights or remedies; or

(10) the acceptance of any additional security or other guaranty, the advance of additional money to the Company or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Note Purchase Agreements or any other agreement, or the sale, release, substitution or exchange of any security for the Notes; or

(11) any merger or consolidation of the Company, any other Guarantor or any other Person into or with any other Person or any sale, lease, transfer or other disposition of any of the assets of the Company, any other Guarantor or any other Person to any other Person, or any change in the ownership of any shares of the Company, any other Guarantor or any other Person; or

(12) any defense whatsoever that: (i) the Company or any other Person might have to the payment of the Notes (principal, Make-Whole Amount, if any, or interest), other than payment thereof in Federal or other immediately available funds, or (ii) the Company or any other Person might have to the performance or observance of any of the provisions of the Notes, the Note Purchase Agreements or any other agreement, whether through the satisfaction or purported satisfaction by the Company, any other Guarantor or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding-up or otherwise, other than the defense of indefeasible payment in full in cash of the Notes; or

(13) any act or failure to act with regard to the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or anything which might vary the risk of any Guarantor or any other Person; or

(14) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor or any other Person in respect of the obligations of any Guarantor or other Person under this Guaranty or any other agreement, other than the defense of indefeasible payment in full in cash of the Notes;

provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty and the parties hereto that the obligations of each Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except pursuant to **Section 13** hereof and by the payment of the principal of, Make-Whole Amount, if any, and interest on the Notes in accordance with their respective terms whenever the same shall become due and payable as in the Notes provided and all other sums due and payable under the Note Purchase Agreements, at the place specified in and all in the manner and with the

effect provided in the Notes and the Note Purchase Agreements, as each may be amended or modified from time to time. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Company shall default under or in respect of the terms of the Notes or the Note Purchase Agreements and that notwithstanding recovery hereunder for or in respect of any given default or defaults by the Company under the Notes or the Note Purchase Agreements, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(d) All rights of any Holder may be transferred or assigned at any time and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note in accordance with the Note Purchase Agreements whether with or without the consent of or notice to the Guarantors under this Guaranty or to the Company.

(e) To the extent of any payments made under this Guaranty, the Guarantors shall be subrogated to the rights of the Holder or Holders upon whose Notes such payment was made, but each Guarantor covenants and agrees that such right of subrogation shall be junior and subordinate in right of payment to the prior indefeasible final payment in cash in full of all amounts due and owing by the Company with respect to the Notes and the Note Purchase Agreements and by the Guarantors under this Guaranty, and the Guarantors shall not take any action to enforce such right of subrogation, and the Guarantors shall not accept any payment in respect of such right of subrogation, until all amounts due and owing by the Company under or in respect of the Notes and the Note Purchase Agreements and all amounts due and owing by the Guarantors hereunder have indefeasibly been finally paid in cash in full. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the indefeasible payment in cash in full (or other satisfaction agreed to by the Holders) of the Notes and all other amounts payable under the Notes, the Note Purchase Agreements and this Guaranty, such amount shall be held in trust for the benefit of the Holders and shall, except to the extent the Holders have received payment, promptly be paid to the Holders to be credited and applied to the amounts due or to become due with respect to the Notes and all other amounts payable under the Note Purchase Agreements and this Guaranty, whether matured or unmatured. Each Guarantor acknowledges that it has received direct and indirect benefits from the financing arrangements contemplated by the Note Purchase Agreements and that the waiver set forth in this paragraph (e) is knowingly made as a result of the receipt of such benefits.

(f) To the extent of any payments made under this Guaranty, each Guarantor making such payment shall have a right of contribution from the other Guarantors, but such Guarantor covenants and agrees that such right of contribution shall be subordinate in right of payment to the rights of the Holders for which full payment has not been made or provided for and, to that end, such Guarantor agrees not to claim or enforce any such right of contribution unless and until all of the Notes and all other sums due and payable under the Note Purchase Agreements have been fully and irrevocably paid and discharged.

(g) Each Guarantor agrees that to the extent the Company, any other Guarantor or any other Person makes any payment on any Note, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered,

rescinded, or otherwise defeased or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantors' obligations hereunder, as if said payment had not been made. The liability of the Guarantors hereunder shall not be reduced or discharged, in whole or in part, by any payment to any Holder from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(h) No Holder shall be under any obligation: (1) to marshal any assets in favor of the Guarantors or in payment of any or all of the liabilities of the Company under or in respect of the Notes or the obligations of the Guarantors hereunder or (2) to pursue any other remedy that the Guarantors may or may not be able to pursue themselves and that may lighten the Guarantors' burden, any right to which each Guarantor hereby expressly waives.

(i) The obligations of each Guarantor under this Guaranty rank *pari passu* in right of payment with all other Debt of such Guarantor which is not secured or which is not expressly subordinated in right of payment to any other unsecured Debt of such Guarantor.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS.

Each Guarantor represents and warrants to each Holder that:

(a) Such Guarantor is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on (1) the business, operations, affairs, financial condition, assets or properties of the Company and its subsidiaries, taken as a whole, or (2) the ability of such Guarantor to perform its obligations under this Guaranty, or (3) the validity or enforceability of this Guaranty. Such Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

(b) This Guaranty has been duly authorized by all necessary action on the part of such Guarantor, and upon execution and delivery of this Guaranty and of the Note Purchase Agreements and receipt of consideration for the Note Purchase Agreements and the Notes, this Guaranty will constitute a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance by such Guarantor of this Guaranty will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor under any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, charter document or by-law, or any other material agreement or instrument to which such Guarantor is bound or by which such Guarantor or any of its properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Guarantor or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the such Guarantor.

(d) No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Guarantor is required in connection with the execution, delivery or performance by such Guarantor of this Guaranty.

(e) Such Guarantor has capital not unreasonably small in relation to its business or any contemplated or undertaken transaction and has assets having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due and greater than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured. Such Guarantor does not intend to incur, or believe or should have believed that it will incur, debts beyond its ability to pay such debts as they become due. Such Guarantor will not be rendered insolvent by the execution and delivery of, and performance of its obligations under, this Guaranty. Such Guarantor does not intend to hinder, delay or defraud its creditors by or through the execution and delivery of, or performance of its obligations under, this Guaranty.

SECTION 6. GUARANTOR COVENANTS.

From and after the date of issuance of the Notes by the Company and continuing so long as any amount remains unpaid thereon each Guarantor agrees to comply with the terms and provisions of Sections 9.1, 9.2, 9.3, 9.4 and 9.5 of the Note Purchase Agreements, insofar as such provisions apply to such Guarantor, as if said Sections were set forth herein in full.

SECTION 7. [RESERVED]

SECTION 8. GOVERNING LAW.

(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

(b) Each Guarantor hereby (1) irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Guaranty may be litigated in such courts, and (2) waives any objection which it may have based on improper venue or *forum non conveniens* to the conduct of

any proceeding in any such court and waives personal service of any and all process upon it, and (3) consents that all such service of process be made by delivery to it at the address of such Person set forth in Section 11 below or to its agent referred to below at such agent's address set forth below (with a courtesy copy to such Guarantor at the address set forth in Section 11) and that service so made shall be deemed to be completed upon actual receipt. Each Guarantor hereby irrevocably appoints CT Corporation System, with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent for the purpose of accepting service of any process within the State of New York. Nothing contained in this section shall affect the right of any Holder to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against a Guarantor or to enforce a judgment obtained in the courts of any other jurisdiction.

(c) The parties hereto waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between them arising out of, connected with, related to or incidental to the relationship established between them in connection with this Guaranty, any financing agreement, any loan party document or any other instrument, document or agreement executed or delivered in connection herewith or the transactions related hereto. The parties hereto hereby agree and consent that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that any of them may file an original counterpart or a copy of this Guaranty with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

SECTION 9. [RESERVED]

SECTION 10. AMENDMENTS, WAIVERS AND CONSENTS.

(a) This Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Required Holders.

(b) The Guarantors will provide each Holder (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantors will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 10 to each Holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Holders.

(c) The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of fee or otherwise, or grant any security, to any Holder as consideration for or as an inducement to the entering into by any Holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Holder even if such Holder did not consent to such waiver or amendment.

(d) Any amendment or waiver consented to as provided in this **Section 10** applies equally to all Holders and is binding upon them and upon each future holder and upon the Guarantors. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantors and any Holder nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any Holder. As used herein, the term "this Guaranty" and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

(e) Solely for the purpose of determining whether the Holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty, Notes directly or indirectly owned by any Guarantor, the Company or any of their respective subsidiaries or Affiliates shall be deemed not to be outstanding.

SECTION 11. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(1) if to an Initial Note Purchaser or such Initial Note Purchaser's nominee, to such Initial Note Purchaser or such Initial Note Purchaser's nominee at the address specified for such communications in Schedule A to the Note Purchase Agreements, or at such other address as such Initial Note Purchaser or such Initial Note Purchaser's nominee shall have specified to any Guarantor or the Company in writing,

(2) if to any other Holder, to such Holder at such address as such Holder shall have specified to any Guarantor or the Company in writing, or

(3) if to any Guarantor, to such Guarantor c/o the Company at its address set forth at the beginning of the Note Purchase Agreements to the attention of Corporate Treasurer, or at such other address as such Guarantor shall have specified to the Holders in writing.

Notices under this **Section 11** will be deemed given only when actually received.

SECTION 12. MISCELLANEOUS.

(a) No remedy herein conferred upon or reserved to any Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such

right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any Holder to exercise any remedy reserved to it under the Guaranty, it shall not be necessary for such Holder to physically produce its Note in any proceedings instituted by it or to give any notice, other than such notice as may be herein expressly required.

(b) The Guarantors will pay all sums becoming due under this Guaranty by the method and at the address specified in the Note Purchase Agreements, or by such other method or at such other address as any Holder shall have from time to time specified to the Guarantors in writing for such purpose, without the presentation or surrender of this Guaranty or any Note.

(c) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

(d) If the whole or any part of this Guaranty shall be now or hereafter become unenforceable against any one or more of the Guarantors for any reason whatsoever or if it is not executed by any one or more of the Guarantors, this Guaranty shall nevertheless be and remain fully binding upon and enforceable against each other Guarantor as if it had been made and delivered only by such other Guarantors.

(e) This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns so long as its Notes remain outstanding and unpaid.

(f) This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

SECTION 13. RELEASE.

Notwithstanding anything that may be contained herein to the contrary, the Holders agree that, in accordance with Section 2.2(e) of the Note Purchase Agreements, this Guaranty shall be automatically released and discharged without the necessity of further action on the part of the Holders if, and to the extent, the corresponding guaranty given pursuant to the terms of the Bank Credit Agreement is released and discharged; *provided* that in the event the Guarantor shall again become obligated under or with respect to the previously discharged Guaranty pursuant to the terms and provisions of the Guaranty, the Bank Credit Agreement or any additional bank loan agreement entered into by the Company pursuant to which such lenders make available to the Company credit facilities which are *pari passu* with the Notes, then the obligations of such Guarantor under this Guaranty shall be reinstated and any release thereof previously given shall be deemed null and void, and such Guaranty shall again benefit the Holders on an equal and *pro rata* basis and such Guaranty shall once again be subject to the terms of the Intercreditor

Agreement. Any release by the Holders shall be deemed to have occurred concurrently with the release and discharge under the Bank Credit Agreement. The Company shall promptly notify the Holders of any release of a Subsidiary Guaranty pursuant to this **Section 13** and shall deliver evidence of any release or discharge of a guaranty or Lien in customary form.

[Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has caused this Subsidiary Guaranty to be duly executed by an authorized representative as of this 17th day of December, 2003.

ECOMED, INC.
AMERICAN STERILIZER COMPANY
STERIS EUROPE, INC.
STERIS ASIA PACIFIC, INC.
STERIS INC.
STERIS LATIN AMERICA, INC.
HTD HOLDING CORP.
HSTD LLC
HAUSTED, INC.
ISOMEDIX INC.
ISOMEDIX OPERATIONS INC.
STERILTEK, INC.
STRATEGIC TECHNOLOGY ENTERPRISES,INC.

By:_____
Name: William L. Aamoth
Title: Treasurer

Accepted and Agreed:

STERIS CORPORATION

By_____
Name: William L. Aamoth
Title: Treasurer

EXHIBIT 10.3

GUARANTY SUPPLEMENT

To the Holders of the Series A-1 Notes, Series A-2 Notes and Series A-3 Notes (as hereinafter defined) of STERIS Corporation (the "Company")

Re: United States Endoscopy Group, Inc. – 2008 Senior Note Issuance

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company issued (a) $30,000,000 aggregate principal amount of its 5.63% Senior Notes, Series A-1, due August 15, 2013 (the "Series A-1 Notes"), (b) $85,000,000 aggregate principal amount of its 6.33% Senior Notes, Series A-2, due August 15, 2018 (the "Series A-2 Notes") and (c) $35,000,000 aggregate principal amount of its 6.43% Senior Notes, Series A-3, due August 15, 2020 (the "Series A-3 Notes"; the Series A-1 Notes, Series A-2 Notes and the Series A-3 Notes shall be collectively referred to herein to the "Notes") pursuant to those certain Note Purchase Agreements dated as of August 15, 2008 (the "Note Purchase Agreements") between the Company and each of the purchasers named on Schedule A thereto (the "Initial Note Purchasers").

WHEREAS, as a condition precedent to their purchase of the Notes, the Initial Note Purchasers required that certain subsidiaries of the Company enter into a Subsidiary Guaranty as security for the Notes (the "Guaranty").

Pursuant to Section 9.7 of the Note Purchase Agreements, the Company has agreed to cause the undersigned, United States Endoscopy Group, Inc., a corporation organized under the laws of Ohio (the "Additional Guarantor"), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreements and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Vice President and Treasurer of the Additional Guarantor, a subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the

Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: October 10, 2012

United States Endoscopy Group, Inc.

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Treasurer

Accepted and Agreed:

STERIS CORPORATION

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Corporate Treasurer

EXECUTION COPY

SUBSIDIARY GUARANTY

Dated as of August 15, 2008

Re: $30,000,000 5.63% Senior Notes, Series A-1, due August 15, 2013
$85,000,000 6.33% Senior Notes, Series A-2, due August 15, 2018
$35,000,000 6.43% Senior Notes, Series A-3, due August 15, 2020

of

STERIS CORPORATION

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(Not a part of the Agreement)

SUBSIDIARY GUARANTY

Re: $30,000,000 5.63% Senior Notes, Series A-1, due August 15, 2013
$85,000,000 6.33% Senior Notes, Series A-2, due August 15, 2018
$35,000,000 6.43% Senior Notes, Series A-3, due August 15, 2020

This SUBSIDIARY GUARANTY dated as of August 15, 2008 (the or this *"Guaranty")* is entered into on a joint and several basis by each of the undersigned, together with any entity which may become a party hereto by execution and delivery of a Guaranty Supplement in substantially the form set forth as **Exhibit A** hereto (a *"Guaranty Supplement")* (which parties are hereinafter referred to individually as a *"Guarantor"* and collectively as the *"Guarantors").*

RECITALS

A. Each Guarantor is a direct or indirect subsidiary of STERIS Corporation, an Ohio corporation (the *"Company").*

B. In order to refinance certain debt and for general corporate purposes, the Company has entered into those certain Note Purchase Agreements dated as of August 15, 2008 (the *"Note Purchase Agreements")* between the Company and each of the purchasers named on Schedule A thereto (the *"Initial Note Purchasers";* the Initial Note Purchasers, together with their successors, assigns or any other future holder of the Notes (as defined below), the *"Holders"),* providing for, *inter alia,* the issue and sale by the Company to the Initial Note Purchasers of $30,000,000 aggregate principal amount of its 5.63% Senior Notes, Series A-1, due August 15, 2013, $85,000,000 aggregate principal amount of its 6.33% Senior Notes, Series A-2, due August 15, 2018 and $35,000,000 aggregate principal amount of its 6.43% Senior Notes, Series A-3, due August 15, 2020.

C. The Initial Note Purchasers have required as a condition to their purchase of the Notes that the Company cause each of the undersigned to enter into this Guaranty and to cause each Subsidiary (as defined in the Note Purchase Agreements) that after the date hereof delivers a guaranty pursuant to the Bank Credit Agreement (as defined in the Note Purchase Agreements) to enter into a Guaranty Supplement, in each case as security for the Notes, and the Company has agreed to cause each of the undersigned to execute this Guaranty and to cause such additional Subsidiaries to execute a Guaranty Supplement, in each case in order to induce the Initial Note Purchasers to purchase the Notes and thereby benefit the Company and its Subsidiaries.

D. Each of the Guarantors will derive substantial direct and indirect benefit from the sale of the Notes to the initial Note Purchasers.

Now, THEREFORE, as required by the Note Purchase Agreements and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, each Guarantor does hereby covenant and agree, jointly and severally, intending to be legally bound as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used herein shall have the meanings set forth in the Note Purchase Agreements unless herein defined or the context shall otherwise require.

SECTION 2. GUARANTY OF NOTES AND NOTE PURCHASE AGREEMENTS.

(a) Subject to the limitation set forth in Section 2(b) hereof and to the provisions of **Section 13** hereof, each Guarantor jointly and severally does hereby absolutely and unconditionally guarantee unto the Holders: **(1)** the full and prompt payment of the principal of, Make-Whole Amount, if any, and interest on the Notes from time to time outstanding, as and when such payments shall become due and payable whether by lapse of time, upon redemption or prepayment, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, Make-Whole Amount, if any, or interest at the rate set forth in the Notes and interest accruing at the then applicable rate provided in the Notes after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) in Federal or other immediately available funds of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts, (2) the full and prompt performance and observance by the Company of each and all of the obligations, covenants and agreements required to be performed or owed by the Company under the terms of the Notes and the Note Purchase Agreements and (3) the full and prompt payment, upon demand by any Holder, of all reasonable actual out of pocket costs and expenses, legal or otherwise (including attorneys' fees), if any, as shall have been expended or incurred in the protection or enforcement of any rights, privileges or liabilities in favor of the Holders under or in respect of the Notes, the Note Purchase Agreements or under this Guaranty or in any consultation or action in connection therewith or herewith and in each and every case irrespective of the validity, regularity, or enforcement of any of the Notes or Note Purchase Agreements or any of the terms thereof or any other like circumstance or circumstances.

(b) The liability of each Guarantor under this Guaranty shall not exceed an amount equal to a maximum amount as will, after giving effect to such maximum amount and all other liabilities of such Guarantor, contingent or otherwise, result in the obligations of such Guarantor hereunder not constituting a fraudulent transfer, obligation or conveyance.

SECTION 3. GUARANTY OF PAYMENT AND PERFORMANCE.

This is a guarantee of payment and performance and each Guarantor hereby waives, to the fullest extent permitted by law, any right to require that any action on or in respect of any Note or the Note Purchase Agreements be brought against the Company or any other Person or that resort be had to any direct or indirect security for the Notes or for this Guaranty or any other remedy. Any Holder may, at its option, proceed hereunder against any Guarantor in the first instance to collect monies when due, the payment of which is guaranteed hereby, without **first** proceeding against the Company or any other Person and without first resorting to any direct or indirect security for the Notes or for this Guaranty or any other remedy. The liability of each

Guarantor hereunder shall in no way be affected or impaired by any acceptance by any Holder of any direct or indirect security for, or other guaranties of, any Debt, liability or obligation of the Company or any other Person to any Holder or by any failure, delay, neglect or omission by any Holder to realize upon or protect any such guarantees, Debt, liability or obligation or any notes or other instruments evidencing the same or any direct or indirect security therefor or by any approval, consent, waiver, or other action taken, or omitted to be taken by any such Holder.

The covenants and agreements on the part of the Guarantors herein contained shall take effect as joint and several covenants and agreements, and references to the Guarantors shall take effect as references to each of them and none of them shall be released from liability hereunder by reason of the guarantee ceasing to be binding as a continuing security on any other of them.

SECTION 4. GENERAL PROVISIONS RELATING TO THE GUARANTY.

(a) Each Guarantor hereby consents and agrees that any Holder or Holders from time to time, with or without any further notice to or assent from any other Guarantor may, without in any manner affecting the liability of any Guarantor under this Guaranty, and upon such terms and conditions as any such Holder or Holders may deem advisable:

(1) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the performance or payment of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligations of the Company on the Notes, or waive any Default with respect thereto, or waive, modify, amend or change any provision of any other agreement or this Guaranty; or

(2) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such Holder as direct or indirect security for the payment or performance of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes; or

(3) settle, adjust or compromise any claim of the Company against any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes.

Each Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives, to the fullest extent permitted by law, any and all defenses, counterclaims or offsets which it might or could have by reason thereof, it being understood that such Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(b) Each Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty by the Holders or of the creation, renewal or accrual of any liability of the Company, present or future, or of the reliance of such Holders upon this Guaranty (it being understood that every Debt, liability and obligation described in Section 2 hereof shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty);

(2) demand of payment by any Holder from the Company or any other Person indebted in any manner on or for any of the Debt, liabilities or obligations hereby guaranteed; and

(3) presentment for the payment by any Holder or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to such Guarantor.

The obligations of each Guarantor under this Guaranty and the rights of any Holder to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise, shall not be subject to any reduction, limitation, impairment or termination (other than by payment in full of the Notes and the obligations of the Company under the Note Purchase Agreements), whether by reason of any claim of any character whatsoever or otherwise and shall not be subject to any defense, set-off, counterclaim (other than any compulsory counterclaim), recoupment or termination whatsoever.

(c) Subject to **Section 13** hereof, the obligations of the Guarantors hereunder shall be binding upon the Guarantors and their successors and assigns, and shall remain in full force and effect until the entire principal, interest and Make-Whole Amount, if any, on the Notes and all other sums due pursuant to **Section 2** shall have been paid and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to or the consent of the Guarantors:

(1) the genuineness, validity, regularity or enforceability of the Notes, the Note Purchase Agreements or any other agreement or any of the terms of any thereof, the continuance of any obligation on the part of the Company, any other Guarantors or any other Person on or in respect of the Notes or under the Note Purchase Agreements or any other agreement or the power or authority or the lack of power or authority of the Company to issue the Notes or the Company to execute and deliver the Note Purchase Agreements or any other agreement or of any other Guarantors to execute and deliver this Guaranty or any other agreement or to perform any of its obligations hereunder or the existence or continuance of the Company or any other Person as a legal entity; or

(2) any default, failure or delay, willful or otherwise, in the performance by the Company, any other Guarantor or any other Person of any obligations of any kind or character whatsoever under the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(3) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Company, any other Guarantor or any other Person or in respect of the property of the Company, any other Guarantor or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Company, any other Guarantor or any other Person; or

(4) impossibility or illegality of performance on the part of the Company, any other Guarantor or any other Person of its obligations under the Notes, the Note Purchase Agreements, this Guaranty or any other agreements; or

(5) in respect of the Company, any other Guarantors or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Company, any other Guarantors or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other *force majeure*, whether or not beyond the control of the Company, any other Guarantors or any other Person and whether or not of the kind hereinbefore specified; or

(6) any attachment, claim, demand, charge, Lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, Debt, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against the Company, any Guarantor or any other Person or any claims, demands, charges or Liens of any nature, foreseen or unforeseen, incurred by the Company, any Guarantor or any other Person, or against any sums payable in respect of the Notes or under the Note Purchase Agreements or this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided; or

(7) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Company, any Guarantor or any other Person of its respective obligations under or in respect of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(8) the failure of any Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty; or

(9) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to any Guarantor of failure of the Company, any

Guarantor or any other Person to keep and perform any obligation, covenant or agreement under the terms of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or failure to resort for payment to the Company, any other Guarantor or to any other Person or to any other guaranty or to any property, security, Liens or other rights or remedies; or

(10) the acceptance of any additional security or other guaranty, the advance of additional money to the Company or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Note Purchase Agreements or any other agreement, or the sale, release, substitution or exchange of any security for the Notes; or

(11) any merger or consolidation of the Company, any other Guarantor or any other Person into or with any other Person or any sale, lease, transfer or other disposition of any of the assets of the Company, any other Guarantor or any other Person to any other Person, or any change in the ownership of any shares of the Company, any other Guarantor or any other Person; or

(12) any defense whatsoever that: (i) the Company or any other Person might have to the payment of the Notes (principal, Make-Whole Amount, if any, or interest), other than payment thereof in Federal or other immediately available funds, or (ii) the Company or any other Person might have to the performance or observance of any of the provisions of the Notes, the Note Purchase Agreements or any other agreement, whether through the satisfaction or purported satisfaction by the Company, any other Guarantor or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding-up or otherwise, other than the defense of indefeasible payment in full in cash of the Notes; or

(13) any act or failure to act with regard to the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or anything which might vary the risk of any Guarantor or any other Person; or

(14) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor or any other Person in respect of the obligations of any Guarantor or other Person under this Guaranty or any other agreement, other than the defense of indefeasible payment in full in cash of the Notes; *provided* that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty and the parties hereto that the obligations of each Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except pursuant to **Section 13** hereof and by the payment of the principal of, Make-Whole Amount, if any, and interest on the Notes in accordance with their respective terms whenever the same shall become due and payable as in the Notes provided and all other sums due and payable under the Note Purchase Agreements, at the place specified in and all in the manner and with the effect provided in the Notes and the Note Purchase Agreements, as each may be amended or modified from time to time. Without limiting

the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Company shall default under or in respect of the terms of the Notes or the Note Purchase Agreements and that notwithstanding recovery hereunder for or in respect of any given default or defaults by the Company under the Notes or the Note Purchase Agreements, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(d) All rights of any Holder may be transferred or assigned at any time and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note in accordance with the Note Purchase Agreements whether with or without the consent of or notice to the Guarantors under this Guaranty or to the Company.

(e) To the extent of any payments made under this Guaranty, the Guarantors shall be subrogated to the rights of the Holder or Holders upon whose Notes such payment was made, but each Guarantor covenants and agrees that such right of subrogation shall be junior and subordinate in right of payment to the prior indefeasible final payment in cash in full of all amounts due and owing by the Company with respect to the Notes and the Note Purchase Agreements and by the Guarantors under this Guaranty, and the Guarantors shall not take any action to enforce such right of subrogation, and the Guarantors shall not accept any payment in respect of such right of subrogation, until all amounts due and owing by the Company under or in respect of the Notes and the Note Purchase Agreements and all amounts due and owing by the Guarantors hereunder have indefeasibly been finally paid in cash in full. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the indefeasible payment in cash in full (or other satisfaction agreed to by the Holders) of the Notes and all other amounts payable under the Notes, the Note Purchase Agreements and this Guaranty, such amount shall be held in trust for the benefit of the Holders and shall, except to the extent the Holders have received payment, promptly be paid to the Holders to be credited and applied to the amounts due or to become due with respect to the Notes and all other amounts payable under the Note Purchase Agreements and this Guaranty, whether matured or unmatured. Each Guarantor acknowledges that it has received direct and indirect benefits from the financing arrangements contemplated by the Note Purchase Agreements and that the waiver set forth in this paragraph (e) is knowingly made as a result of the receipt of such benefits.

(f) To the extent of any payments made under this Guaranty, each Guarantor making such payment shall have a right of contribution from the other Guarantors, but such Guarantor covenants and agrees that such right of contribution shall be subordinate in right of payment to the rights of the Holders for which full payment has not been made or provided for and, to that end, such Guarantor agrees not to claim or enforce any such right of contribution unless and until all of the Notes and all other sums due and payable under the Note Purchase Agreements have been fully and irrevocably paid and discharged.

(g) Each Guarantor agrees that to the extent the Company, any other Guarantor or any other Person makes any payment on any Note, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered,

rescinded, or otherwise defeased or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantors' obligations hereunder, as if said payment had not been made. The liability of the Guarantors hereunder shall not be reduced or discharged, in whole or in part, by any payment to any Holder from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(h) No Holder shall be under any obligation: (1) to marshal any assets in favor of the Guarantors or in payment of any or all of the liabilities of the Company under or in respect of the Notes or the obligations of the Guarantors hereunder or (2) to pursue any other remedy that the Guarantors may or may not be able to pursue themselves and that may lighten the Guarantors' burden, any right to which each Guarantor hereby expressly waives.

(i) The obligations of each Guarantor under this Guaranty rank *pari passu* in right of payment with all other Debt of such Guarantor which is not secured or which is not expressly subordinated in right of payment to any other unsecured Debt of such Guarantor.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS.

Each Guarantor represents and warrants to each Holder that:

(a) Such Guarantor is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on (1) the business, operations, affairs, financial condition, assets or properties of the Company and its subsidiaries, taken as a whole, or (2) the ability of such Guarantor to perform its obligations under this Guaranty, or (3) the validity or enforceability of this Guaranty. Such Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

(b) This Guaranty has been duly authorized by all necessary action on the part of such Guarantor, and upon execution and delivery of this Guaranty and of the Note Purchase Agreements and receipt of consideration for the Note Purchase Agreements and the Notes, this Guaranty will constitute a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance by such Guarantor of this Guaranty will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor under any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, charter document or by-law, or any other material agreement or instrument to which such Guarantor is bound or by which such Guarantor or any of its properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Guarantor or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the such Guarantor.

(d) No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Guarantor is required in connection with the execution, delivery or performance by such Guarantor of this Guaranty.

(e) Such Guarantor has capital not unreasonably small in relation to its business or any contemplated or undertaken transaction and has assets having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due and greater than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured. Such Guarantor does not intend to incur, or believe or should have believed that it will incur, debts beyond its ability to pay such debts as they become due. Such Guarantor will not be rendered insolvent by the execution and delivery of, and performance of its obligations under, this Guaranty. Such Guarantor does not intend to hinder, delay or defraud its creditors by or through the execution and delivery of, or performance of its obligations under, this Guaranty.

SECTION 6. GUARANTOR COVENANTS.

From and after the date of issuance of the Notes by the Company and continuing so long as any amount remains unpaid thereon each Guarantor agrees to comply with the terms and provisions of Sections 9.1, 9.2, 9.3, 9.4 and 9.5 of the Note Purchase Agreements, insofar as such provisions apply to such Guarantor, as if said Sections were set forth herein in full.

SECTION 7. [RESERVED]

SECTION 8. GOVERNING LAW.

(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

(b) Each Guarantor hereby (I) irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Guaranty may be litigated in such courts, and (2) waives any objection which it may have based on improper venue or *forum non conveniens* to the conduct of

any proceeding in any such court and waives personal service of any and all process upon it, and (3) consents that all such service of process be made by delivery to it at the address of such Person set forth in Section 11 below or to its agent referred to below at such agent's address set forth below (with a courtesy copy to such Guarantor at the address set forth in Section 11) and that service so made shall be deemed to be completed upon actual receipt. Each Guarantor hereby irrevocably appoints CT Corporation System, with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent for the purpose of accepting service of any process within the State of New York. Nothing contained in this section shall affect the right of any Holder to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against a Guarantor or to enforce a judgment obtained in the courts of any other jurisdiction.

(c) The parties hereto waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between them arising out of, connected with, related to or incidental to the relationship established between them in connection with this Guaranty, any financing agreement, any loan party document or any other instrument, document or agreement executed or delivered in connection herewith or the transactions related hereto. The parties hereto hereby agree and consent that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that any of them may file an original counterpart or a copy of this Guaranty with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

SECTION 9. [RESERVED]

SECTION 10. AMENDMENTS, WAIVERS AND CONSENTS.

(a) This Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Required Holders.

(b) The Guarantors will provide each Holder (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantors will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this **Section 10** to each Holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Holders.

(c) The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of fee or otherwise, or grant any security, to any Holder as consideration for or as an inducement to the entering into by any Holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Holder even if such Holder did not consent to such waiver or amendment.

(d) Any amendment or waiver consented to as provided in this Section 10 applies equally to all Holders and is binding upon them and upon each future holder and upon the Guarantors. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantors and any Holder nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any Holder. As used herein, the term "this Guaranty" and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

(e) Solely for the purpose of determining whether the Holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty, Notes directly or indirectly owned by any Guarantor, the Company or any of their respective subsidiaries or Affiliates shall be deemed not to be outstanding.

SECTION 11. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(1) if to an Initial Note Purchaser or such Initial Note Purchaser's nominee, to such Initial Note Purchaser or such Initial Note Purchaser's nominee at the address specified for such communications in Schedule A to the Note Purchase Agreements, or at such other address as such Initial Note Purchaser or such Initial Note Purchaser's nominee shall have specified to any Guarantor or the Company in writing,

(2) if to any other Holder, to such Holder at such address as such Holder shall have specified to any Guarantor or the Company in writing, or

(3) if to any Guarantor, to such Guarantor c/o the Company at its address set forth at the beginning of the Note Purchase Agreements to the attention of Corporate Treasurer, or at such other address as such Guarantor shall have specified to the Holders in writing.

Notices under this **Section 11** will be deemed given only when actually received. **SECTION 12. MISCELLANEOUS.**

(a) No remedy herein conferred upon or reserved to any Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such

right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any Holder to exercise any remedy reserved to it under the Guaranty, it shall not be necessary for such Holder to physically produce its Note in any proceedings instituted by it or to give any notice, other than such notice as may be herein expressly required.

(b) The Guarantors will pay all sums becoming due under this Guaranty by the method and at the address specified in the Note Purchase Agreements, or by such other method or at such other address as any Holder shall have from time to time specified to the Guarantors in writing for such purpose, without the presentation or surrender of this Guaranty or any Note.

(c) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

(d) If the whole or any part of this Guaranty shall be now or hereafter become unenforceable against any one or more of the Guarantors for any reason whatsoever or if it is not executed by any one or more of the Guarantors, this Guaranty shall nevertheless be and remain fully binding upon and enforceable against each other Guarantor as if it had been made and delivered only by such other Guarantors.

(e) This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns so long as its Notes remain outstanding and unpaid.

(f) This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

SECTION 13. RELEASE.

Notwithstanding anything that may be contained herein to the contrary, the Holders agree that, in accordance with Section 2.2(e) of the Note Purchase Agreements, this Guaranty shall be automatically released and discharged without the necessity of further action on the part of the Holders if, and to the extent, the corresponding guaranty given pursuant to the terms of the Bank Credit Agreement is released and discharged; *provided* that in the event the Guarantor shall again become obligated under or with respect to the previously discharged Guaranty pursuant to the terms and provisions of the Guaranty, the Bank Credit Agreement or any additional bank loan agreement entered into by the Company pursuant to which such lenders make available to the Company credit facilities which are *pari passu* with the Notes, then the obligations of such Guarantor under this Guaranty shall be reinstated and any release thereof previously given shall be deemed null and void, and such Guaranty shall again benefit the Holders on an equal and *pro rata* basis and such Guaranty shall once again be subject to the terms of the lntercreditor

Agreement. Any release by the Holders shall be deemed to have occurred concurrently with the release and discharge under the Bank Credit Agreement. The Company shall promptly notify the Holders of any release of a Subsidiary Guaranty pursuant to this Section 13 and shall deliver evidence of any release or discharge of a guaranty or Lien in customary form.

[Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has caused this Subsidiary Guaranty to be duly executed by an authorized representative as of this day of August, 2008.

AMERICAN STERILIZER COMPANY
STERIS EUROPE, INC. STERIS INC.
HTD HOLDING CORP.
HSTD LLC
HAUSTED, INC.
ISOMEDIX INC.
ISOMEDIX OPERATIONS INC.
STERILTEK, INC.
STERILTEK HOLDINGS, INC.
STERIS ISOMEDIX SERVICES, I .

By:
Name: William L. Aamoth
Title: Vice President & Treasurer

STRATEGIC TECHNOLOGY ENTERPRISES, INC.

By:

Name: William L. Aamoth
Title: Treasurer

ACCEPTED AND AGREED: STERIS CORPORATION

By:

Name: William L. Aamoth
Title: Vice President & Corporate Treasurer

EXHIBIT 10.4

AMENDMENT NO. 1 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This Amendment No. 1 to the Third Amended and Restated Credit Agreement (this "Amendment") is entered into as of October 12, 2012, by and among STERIS CORPORATION, an Ohio corporation ("Borrower"), the lending institutions parties to the Credit Agreement ("Lenders"), KEYBANK NATIONAL ASSOCIATION, as administrative agent for the Lenders ("Agent") and as Joint-Lead Arranger, Joint-Book Runner and as an LC Issuer, J.P. MORGAN SECURITIES LLC, as Joint-Lead Arranger and Joint-Book Runner, JPMORGAN CHASE BANK, N.A., as Syndication Agent and as an LC Issuer, BANK OF AMERICA, N.A., as an LC Issuer and Co-Documentation Agent, PNC BANK, NATIONAL ASSOCIATION, as Co-Documentation Agent, and U.S. BANK NATIONAL ASSOCIATION, as Co-Documentation Agent.

RECITALS:

A. The Borrower, Agent, and Lenders are parties to the Third Amended and Restated Credit Agreement, dated as of April 13, 2012 (as the same may from time to time be further amended, restated or otherwise modified, the "Credit Agreement").

B. The Borrower desires to increase the Revolving Credit Commitments as hereinafter set forth, and certain of the Lenders (collectively, the "Expanding Lenders") are willing to do so on the terms set forth herein.

C. The Borrower, Agent and the Lenders desire to amend the Credit Agreement to modify certain provisions thereof.

D. Each capitalized term used herein that is not defined herein shall be defined in accordance with the Credit Agreement.

AGREEMENT:

In consideration of the premises and mutual covenants herein and for other valuable considerations, the parties to this Amendment agree as follows:

1. Amendment to Definitions. Article I of the Credit Agreement is hereby amended to delete the definition of "Total Commitment Amount" therefrom in its entirety and to insert in place thereof the following:

"Total Commitment Amount" means the principal amount of $400,000,000 (or its Dollar Equivalent in Alternate Currency), or such lesser or greater amount as shall be determined pursuant to Section 2.10 hereof; provided, however, that, for the purposes of determining the Total Commitment Amount, Agent may, in its discretion, calculate the Dollar Equivalent of any Alternate Currency Loan on any Business Day selected by Agent.

2. Increase in Commitments; Reallocation of Commitments. The Expanding Lenders have agreed to increase the maximum amount of their respective Commitment (the "Commitment Increase").

(a) As of the date hereof before giving effect to this Amendment, (a) the Revolving Credit Commitments of each Lender under the Credit Agreement, including without limitation, the Expanding Lenders and (b) the outstanding balances of the Revolving Loans under the Credit Agreement made by each Lender, including, without limitation, the Expanding Lenders, are each set forth on Annex A-1 hereto.

(b) As of the First Amendment Effective Date (as hereinafter defined) (a) the Revolving Credit Commitments of each Lender under the Credit Agreement, including, without limitation, the Expanding Lenders, and (b) the outstanding, balances of the Revolving Loans under the Credit Agreement made by each Lender, including, without limitation, the Increasing Lenders, are each set forth on Annex A-2 hereto.

(c) The Borrower and Lenders hereby agree that the Commitment Increase is not being made pursuant to Section 2.10(b) and after the First Amendment Effective Date, the Total Commitment Amount may be increased pursuant to Section 2.10(b) of the Credit Agreement.

(d) Attached hereto is a revised Schedule 1-A to the Credit Agreement, revised to reflect the Revolving Credit Commitment of each Lender as of the First Amendment Effective Date.

3. Conditions Precedent. This Amendment shall become effective as of the First Amendment Effective Date upon the satisfaction of the following conditions precedent:

(a) this Amendment has been executed by Borrower, Agent and the Lenders, and counterparts hereof as so executed shall have been delivered to Agent;

(b) Borrower has executed and delivered to Agent any new Revolving Credit Note as requested by any Expanding Lender (Agent hereby agrees that upon the delivery of such new Revolving Credit Note by Borrower to Agent, Agent shall return the Revolving Credit Note previously executed by Borrower on the Closing Date to Borrower);

(c) Borrower and each Guarantor of Payment shall have delivered to Agent an officer's certificate certifying the names of the officers of Borrower or such Guarantor of Payment authorized to sign this Amendment or the Guarantor of Payment Acknowledgement and Agreement to which it is a signatory, together with the true signatures of such officers and certified copies of the resolutions of the board of directors of Borrower and each Guarantor of Payment evidencing approval of the execution and delivery of this Amendment and the execution of other Related Writings to which Borrower or such Guarantor of Payment, as the case may be, is a party.

(d) Borrower shall have delivered to Agent an opinion of Borrower's internal counsel for Borrower and each Guarantor of Payment, in form and substance satisfactory to Agent and the Lenders.

(e) Borrower has paid (i) to each Lender whose Revolving Credit Commitment has increased as a result of this Amendment the fees set forth in the Lender fee letter from the Borrower to such Lender dated as of the date hereof (the "Lender Fee Letter"); (ii) to Agent, for its sole benefit, the fees set forth in the Arrangement Fee Letter between Borrower and Agent and dated as of September 28, 2012; and (iii) to J.P. Morgan Securities LLC, for its sole benefit, the fees set forth in the Arrangement Fee Letter between Borrower and it and dated as of October 3, 2012; and

(f) each Guarantor of Payment has consented and agreed to and acknowledged the terms of this Amendment.

4. Representations and Warranties. Borrower hereby represents and warrants to Agent and the Lenders that (a) Borrower has the legal power and authority to execute and deliver this Amendment; (b) the officer executing this Amendment on behalf of Borrower has been duly authorized to execute and deliver the same and bind Borrower with respect to the provisions hereof; (c) the execution and delivery hereof by Borrower and the performance and observance by Borrower of the provisions hereof do not violate or conflict with the organizational agreements of Borrower or any law applicable to Borrower or result in a breach of any provision of or constitute a default under any other agreement, instrument or document binding upon or enforceable against Borrower; (d) no Default or Event of Default exists under the Credit Agreement, nor will any exist immediately after the execution and delivery of this Amendment or the First Amendment Effective Date (as hereinafter defined); (e) neither Borrower nor any Guarantor of Payment has any claim or offset against, or defense or counterclaim to, any of Borrower's or any Guarantor of Payment's obligations or liabilities under the Credit Agreement or any Related Writing; and (f) this Amendment constitutes a valid and binding obligation of Borrower in every respect, enforceable in accordance with its terms.

5. First Amendment Effective Date. The effective date for this Agreement shall be October 12, 2012 (the "First Amendment Effective Date"), provided that on or before that date the conditions precedent set forth in Section 3 above shall have been satisfied.

6. Credit Agreement Unaffected. Each reference that is made in the Credit Agreement or any other Related Writing shall hereafter be construed as a reference to the Credit Agreement as amended hereby. Except as herein otherwise specifically provided, all provisions of the Credit Agreement shall remain in full force and effect and be unaffected hereby.

7. Counterparts. This Amendment may be executed in any number of counterparts, by different parties hereto in separate counterparts and by facsimile signature, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

8. Governing Law. The rights and obligations of all parties hereto shall be governed by the laws of the State of Ohio, without regard to principles of conflicts of laws.

[Remainder of page intentionally left blank.]

9. JURY TRIAL WAIVER. BORROWER, AGENT, THE LENDERS AND EACH GUARANTOR OF PAYMENT HEREBY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, AGENT, THE LENDERS, EACH GUARANTOR OF PAYMENT, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the date first above written.

STERIS CORPORATION

By: /s/ William L. Aamoth
Print Name: William L. Aamoth
Title: Vice President and Corporate Treasurer

KEYBANK NATIONAL ASSOCIATION

By: /s/ Sukanya Raj
Print Name: Sukanya Raj
Title: Vice President

CLI-2027899

JPMORGAN CHASE BANK, N.A.

By: /s/ Brendan Korb
Print Name: Brendan Korb
Title: Vice President

CLI-2027899

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Joseph G. Moran
Print Name: Joseph G. Moran
Title: Senior Vice President

CLI-2027899

BANK OF AMERICA, N.A.

By: /s/ E. Mark Hardison
Print Name: E. Mark Hardison
Title: Vice President

CLI-2027899

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Joseph Schnorr
Print Name: Joseph Schnorr
Title: Vice President

CLI-2027899

RBS CITIZENS, N.A.

By: /s/ Joshua Botnick
Print Name: Joshua Botnick
Title: Vice President

CLI-2027899

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: /s/ B. McNany
Print Name: B. McNany
Title: Vice President

CLI-2027899

CITIBANK, N.A.

By: /s/ Blake Gronich
Print Name: Blake Gronich
Title: Vice President

CLI-2027899

SOVEREIGN BANK, N.A.

By: /s/ William R. Rogers
Print Name: William R. Rogers
Title: Senior Vice President

CLI-2027899

Acknowledged and Accepted:

October 12, 2012:

KEYBANK NATIONAL ASSOCIATION,
as Agent

By: /s/ Sukanya Raj
Name: Sukanya Raj
Title: Vice President

GUARANTOR OF PAYMENT ACKNOWLEDGMENT AND AGREEMENT

Each of the undersigned (collectively, the "Guarantors of Payment" and, individually, each a "Guarantor") consents and agrees to and acknowledges the terms of the foregoing Amendment No. 1 to Third Amended and Restated Credit Agreement, dated as of October 12, 2012 (the "Amendment"). Each Guarantor further agrees that its obligations pursuant to its Guaranty of Payment shall remain in full force and effect and be unaffected hereby.

EACH GUARANTOR HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE BORROWER, AGENT, THE LENDERS, THE GUARANTORS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

[Signature pages follow.]

IN WITNESS WHEREOF, this Guarantor Acknowledgment and Agreement has been duly executed and delivered as of the date of the Amendment.

AMERICAN STERILIZER COMPANY

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

STERIS, INC.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

ISOMEDIX OPERATIONS INC.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

STERIS ISOMEDIX SERVICES, INC.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

UNITED STATES ENDOSCOPY GROUP, INC.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

Annex A-1
to
Amendment No. 1
Lender and Revolving Credit Commitments
(as of the date hereof)

A. Revolving Credit Commitment of Each Lender.

1. KeyBank National Association	$	50,000,000.00
2. JPMorgan Chase Bank, N.A.	$	50,000,000.00
3. PNC Bank, National Association	$	40,000,000.00
4. U.S. Bank National Association	$	40,000,000.00
5. RBS Citizens, N.A.	$	30,000,000.00
6. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$	25,000,000.00
7. Citibank, N.A.	$	25,000,000.00
8. Sovereign Bank, N.A.	$	20,000,000.00
9. Bank of America, N.A.	$	20,000,000.00
TOTAL	**$**	**300,000,000.00**

B. Outstanding Balance of the Revolving Credit Advances of Each Lender.

1. KeyBank National Association	$	33,333,333.33
2. JPMorgan Chase Bank, N.A.	$	33,333,333.33
3. PNC Bank, National Association	$	26,666,666.67
4. U.S. Bank National Association	$	26,666,666.67
5. RBS Citizens, N.A.	$	20,000,000.00
6. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$	16,666,666.67
7. Citibank, N.A.	$	16,666,666.67
8. Sovereign Bank, N.A.	$	13,333,333.33
9. Bank of America, N.A.	$	13,333,333.33
TOTAL	**$**	**200,000,000.00**

Annex A-2
to
Amendment No. 1
Lenders and Revolving Credit Commitments
(as of the First Amendment Effective Date)

A. Revolving Credit Commitment of Each Lender.

1. KeyBank National Association	$	62,500,000.00
2. JPMorgan Chase Bank, N.A.	$	62,500,000.00
3. PNC Bank, National Association	$	55,000,000.00
4. Bank of America, N.A.	$	55,000,000.00
5. U.S. Bank National Association	$	50,000,000.00
6. RBS Citizens, N.A.	$	30,000,000.00
7. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$	30,000,000.00
8. Citibank, N.A.	$	30,000,000.00
9. Sovereign Bank, N.A.	$	25,000,000.00
TOTAL	**$**	**400,000,000.00**

B. Outstanding Balance of the Revolving Credit Advances of Each Lender.

1. KeyBank National Association	$	31,250,000.00
2. JPMorgan Chase Bank, N.A.	$	31,250,000.00
3. PNC Bank, National Association	$	27,500,000.00
4. Bank of America, N.A.	$	27,500,000.00
5. U.S. Bank National Association	$	25,000,000.00
6. RBS Citizens, N.A.	$	15,000,000.00
7. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$	15,000,000.00
8. Citibank, N.A.	$	15,000,000.00
9. Sovereign Bank, N.A.	$	12,500,000.00
TOTAL	**$**	**200,000,000.00**

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("*Agreement*") is made as of the 16th day of October, 2012 (the "*Effective Date*"), by and among: (a) STERIS Corporation, an Ohio corporation ("*Buyer*"); (b) THE RICHARD J. SCHULTZ REVOCABLE LIVING TRUST DATED 5/4/2004 (the "*R. Schultz Trust*") and THE MICHELLE A. SCHULTZ REVOCABLE LIVING TRUST DATED 5/4/2004 (the "*M. Schultz Trust*" and together with the R. Schultz Trust, the "*Trusts*"); (c) MICHELLE A. SCHULTZ, individually and as trustee of the M. Schultz Trust, and RICHARD J. SCHULTZ, individually and as trustee of the R. Schultz Trust (each, a "*Selling Shareholder*" and together with Michelle A. Schultz, "*Selling Shareholders*"); and (d) SPECTRUM SURGICAL INSTRUMENTS CORP., an Ohio close corporation (the "*Company*").

RECITALS

A. The Trusts collectively own four hundred and fifty (450) shares of common stock, without par value, of the Company (collectively, the "*Shares*"), which shares of common stock constitute all of the issued and outstanding shares of capital stock of the Company.

B. The Trusts desire to sell, and Selling Shareholders desire to cause the Trusts to sell, the Shares to Buyer, and Buyer desires to purchase the Shares from the Trusts, for the purchase price and upon the terms and subject to the conditions hereinafter set forth.

C. The holders of Phantom Shares (as defined herein) (collectively, the "*Phantom Shareholders*") are record owners of Phantom Shares consisting of an aggregate economic interest in the Company of approximately 8%.

D. In connection with the purchase and sale of the Shares hereunder, the Phantom Shareholders will surrender the Phantom Shares for the consideration specified in their respective Phantom Share Award Agreements and Phantom Share Surrender Agreements.

AGREEMENT

In consideration of the foregoing recitals, of the representations, warranties, covenants and agreements set forth herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS AND INTERPRETIVE PROVISIONS

1.1 DEFINITIONS

For purposes of this Agreement, the following terms have the meanings specified or referred to below:

"*338(h)(10) Election*" is defined in Section 8.3.

"*Affiliate*" of a Person means any other Person which directly or indirectly controls, is controlled by, or is under common control with, such Person. The term "*control*" (including, with correlative meaning, the terms "*controlled by*" and "*under common control with*"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Agreement*" is defined in the preamble to this Agreement.

"*Allocation Schedule*" is defined in Section 8.3.

"*Ancillary Agreements*" means the Escrow Agreement and the Phantom Share Surrender Agreements and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Buyer, the Company or either Selling Shareholder in connection with the consummation of the Transactions, in each case only as applicable to the relevant party or parties to such Ancillary Agreement, as indicated by the context in which such term is used.

"*Audited Financial Statements*" is defined in Section 4.6(a).

"*Basket*" is defined in Section 9.4(a).

"*Business*" means the business of: (a) providing and selling any of the following to hospitals, surgery centers, veterinary centers or affiliated businesses: (i) surgical instrument care products (including cardiac products, circumcision clamps, surgical forceps, laparoscopic instruments, laryngoscopes, needle holders, neurological, ophthalmic, orthopedic, podiatry, retractors, scissors, sterilization trays, stainless products, suction tubes, urological surgical instruments, face shields, finger traps, intestinal instruments, decontamination gloves, inspection mats, instrument cleaning brushes, flash cards, magnifiers, marking tape and instrument stringers), medical cleaning brushes and surgical instrument accessories; (ii) surgical instrument repair and maintenance services (including instrument sharpening, instrument restoration and maintenance and repair services for flexible and rigid scopes); and (iii) consulting, education, training, certification and workflow management services related to such products and services; or (b) providing and selling proprietary educational products and services for the sterile processing market.

"*Business Day*" means any day other than a Saturday, Sunday or any day that is a legal holiday in the State of Ohio.

"*Buyer*" is defined in the preamble to this Agreement.

"*Buyer 401(k) Plan*" is defined in Section 6.8.

"*Buyer Indemnified Person*" is defined in Section 9.2.

"*Capital Lease Obligations*" means, without duplication of any item that would otherwise be included in the term Funded Indebtedness, any obligation (including accrued interest) under a lease agreement or sale-leaseback agreement that is required to be capitalized pursuant to GAAP.

"*Cash*" means, as of a given time, all cash, cash equivalents and marketable securities held by the Company, excluding all security deposits outstanding at such time.

"*Cause*" means, for purposes of this Agreement, but not for purposes of any Ancillary Agreement, (a) the commission of a felony, (b) any willful failure to perform employment duties, (c) acts of dishonesty in connection with employment by the Company that is or are detrimental to the Company's or Buyer's interests, or (d) breach of any written agreement with, or any applicable employment or other policy of, the Company or Buyer (or any Affiliate of Buyer).

"*CERCLA*" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"*Claims Notice*" is defined in Section 9.5(a).

"*Close Corporation Agreement*" means the close corporation agreement executed by the Company and Selling Shareholders as of December 19, 1996, as amended by the Company and Selling Shareholders as of December 10, 2010.

"*Closing*" is defined in Section 2.3.

"*Closing Date*" means the date as of which the Closing actually takes place.

"*Closing Deadline*" is defined in Section 10.1(d).

"*Closing Purchase Price*" is defined in Section 2.2.

"*Closing Working Capital Statement*" is defined in Section 2.5(b).

"*COBRA*" is defined in Section 4.10(h).

"*Code*" means the Internal Revenue Code of 1986.

"*Company*" is defined in the recitals of this Agreement.

"*Company Plan*" means (a) all Plans of the Company or an ERISA Affiliate of the Company, (b) all other severance pay, salary continuation, bonus, incentive, stock option, retirement, pension, profit sharing or deferred compensation plans, contracts, programs, funds or arrangements of any kind and (c) all other employee benefit plans, contracts, programs, funds or arrangements (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, currently effective or terminated) and any trust, escrow or similar agreement related thereto, whether or not funded, in respect of any present or former employees, directors, officers, stockholders, consultants, or independent contractors of the Company or any member of the Controlled Group that are sponsored or maintained by the Company or any member of the Controlled Group or with respect to which the Company or any member of the Controlled Group has made or is required to make payments, transfers or contributions. The definition of Company Plan expressly excludes the Phantom Share Award Agreements.

"*Competing Transaction*" is defined in Section 7.7.

"*Confidentiality Agreement*" is defined in Section 10.2.

"*Consent*" means any approval, consent, ratification, waiver, registration, qualification, notification or authorization (including any Governmental Authorization).

"*Continuing Employee*" is defined in Section 8.2(a).

"*Contract*" means any agreement, contract, obligation, lease, license, arrangement, commitment, promise or undertaking (in each case, whether written or oral) that is legally binding (other than the Organizational Documents of the Company).

"*Controlled Group*" means any trade or business (whether or not incorporated) (a) under common control within the meaning of Section 4001(b)(1) of ERISA with the Company or (b) that together with the Company is treated as a single employer under Section 414(t) of the Code.

"*Damages*" is defined in Section 9.2(a).

"*Direct Claim*" is defined in Section 9.6.

"*Domain Names*" is defined in Section 4.19(a).

"*Effective Date*" is defined in the preamble of this Agreement.

"*Employee Pension Benefit Plan*" has the meaning set forth in Section 3(2) of ERISA.

"*Encumbrance*" means any charge, claim, hypothecation, deed of trust, lease, condition, equitable interest, servitude, lien (statutory or otherwise), option, mortgage, pledge, security interest, easement, encroachment, conditional sale or other title retention device or arrangement (including a capital lease), right-of-way, title defect, right of first refusal, right of others, security interest, proxy, right of first offer, purchase option or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership, other than this Agreement.

"*Environmental Law*" means any Law that regulates or relates to: (a) the pollution or contamination or the protection or clean-up of the environment, human health or safety; (b) the reporting, licensing, permitting, investigating, remediating, use, exposure to, treatment, storage, transportation, generation, manufacture, processing, distribution, handling, disposal, emission, discharge, Release or threatened Release of Hazardous Materials; (c) natural resources, natural resource damages or the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources; or (d) the health and safety of persons or property, including protection of the health and safety of employees of the Company.

"*Environmental Permits*" is defined in Section 4.15(a).

"*ERISA*" means the Employee Retirement Income Security Act of 1974.

"*ERISA Affiliate*" means, with respect to the Company, any other person that, together with the Company, would be treated as a single employer under Code §414.

"*Estimated Net Working Capital*" is defined in Section 2.5(a).

"*Estimated Net Working Capital Adjustment*" is defined in Section 2.2.

"*Escrow Agent*" means PNC Bank, National Association, a national banking association.

"*Escrow Agreement*" means the escrow agreement to be entered into by Buyer, Selling Shareholders and the Escrow Agent at the Closing, substantially in the form attached hereto as Exhibit B.

"*Escrow Amount*" means $6,500,000.

"*Facilities*" means the real property and buildings currently leased by the Company.

"*Family Member*" means, as to any individual, such individual's (a) descendants (whether natural or adopted), (b) siblings, (c) sibling's descendants, (d) spouse, (e) spouse's descendants (whether natural or adopted), or (f) any trust, limited partnership, limited liability company or other entity established for the primary benefit of any of the foregoing persons (whether natural or adopted) for estate planning purposes.

"*Final Net Working Capital Adjustment*" is defined in Section 2.5(i).

"*Fundamental Representations*" is defined in Section 9.1.

"*Funded Indebtedness*" of any Person means either: (a) any Liability of that Person (i) for borrowed money (including the current portion thereof), (ii) under any reimbursement obligation relating to a letter of credit, bankers' acceptance or note purchase facility, (iii) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation), (iv) for the payment of money relating to Capital Lease Obligations, (v) for all or any part of the deferred purchase price of property or services (other than trade payables), including any "earnout" or similar payments or any non-compete payments, (vi) under interest rate swap, hedging or similar agreements, or (vii) any and all accrued interest, success fees, prepayment premiums, make-whole premiums or penalties and fees or expenses (including attorneys' fees) associated with the prepayment of any Funded Indebtedness; or (b) any Liability of others described in the preceding clause (a) that such Person has Guaranteed, that is recourse to such Person or any of its assets or that is otherwise its legal liability or that is secured in whole or in part by the assets of such Person. Notwithstanding anything in this Agreement to the contrary, payment obligations of the Company arising under the Phantom Share Award Agreements shall not be considered Funded Indebtedness for purposes of this Agreement.

"*GAAP*" means U.S. generally accepted accounting principles consistently applied.

"*Governmental Authorization*" means any license, franchise, approval, authorization, registration, qualification, certificate, variance or similar right obtained, or required to be obtained, from any Governmental Body or pursuant to any Law.

"*Governmental Body*" means any: (a) federal, state, local or foreign government or political subdivision or regulatory authority; or (b) governmental or quasi-governmental authority

of any nature (including any governmental agency, branch, department, official or entity and any court or arbitrator or other tribunal).

"*Guarantee*" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing or otherwise supporting in whole or in part the payment of any Funded Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Funded Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Funded Indebtedness or other obligations of the payment of such Funded Indebtedness or to protect such obligee against loss in respect of such Funded Indebtedness (in whole or in part). The term "*Guarantee*" used as a verb has a correlative meaning.

"*Hazardous Materials*" means any waste or other substance that is (a) listed, defined, designated or classified pursuant to any Environmental Law, or otherwise determined to be, hazardous, radioactive, extremely hazardous, infectious, explosive, corrosive, flammable, carcinogenic, mutagenic or toxic, (b) petroleum and petroleum products, asbestos-containing materials, mold, urea formaldehyde foam insulation, polychlorinated biphenyls or radon gas, and (c) any other chemical, pollutant, waste, material or substance that is regulated by or to which liability or standards of conduct may be imposed under any Environmental Law.

"*Immaterial Consents*" is defined in Section 7.1.

"*Indemnified Person*" means a Buyer Indemnified Person or Seller Indemnified Person, as the case may be.

"*Indemnifying Party*" is defined in Section 9.5(a).

"*Indemnitee*" is defined in Section 7.2(a).

"*Independent Accounting Firm*" is defined in Section 2.5(d).

"*Information Systems*" is defined in Section 4.19(e).

"*Intellectual Property Assets*" is defined in Section 4.19(a).

"*Inventory*" means, with respect to any Person, any inventory, including finished goods, supplies, raw materials, work in progress, spare, replacement and components, or goods or products used, held for use or related to such Person's conduct of the Business, whether located at the Facilities or any third-party locations.

"*Knowledge*" means: (a) with respect to the Company, the actual knowledge of Richard J. Schultz, Rick Costello, Matt Rudolph or Steve Kellogg; (b) with respect to Buyer, the actual knowledge of any executive officer of Buyer; and (c) with respect to any other Person, the actual knowledge of such Person.

"*Latest Balance Sheet*" is defined in Section 4.6.

"*Law*" means any applicable federal, state, local or foreign law, statute, code, ordinance, rule, regulation, permit, consent decree, requirement, administrative order, common law, constitution or treaty.

"*Liability*" means a liability, obligation or commitment of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

"*Major Customer*" is defined in Section 4.20(a).

"*Major Vendor*" is defined in Section 4.20(a).

"*Management Employment Agreement*" means the employment agreement to be entered into by the Company and each of Rick Costello, Matt Rudolph, Steve Kellogg and Jim Mauro at the Closing, substantially in the form attached hereto as Exhibit C.

"*Marks*" is defined in Section 4.19(a).

"*Material Adverse Effect*" means any material adverse effect on (a) the business, operations, assets or financial condition of the Company (taken as a whole) or (b) the right or ability of any Selling Shareholder or the Company to consummate or perform his, her or its obligations under this Agreement, in each case other than an effect resulting from any one or more of the following: (i) the effect of any change in the United States or foreign economies (including changes arising from or related to the price of gas, oil or other natural resources) or securities or financial markets in general that does not have a disproportionate effect on the Company; (ii) the effect of any change that generally affects any industry in which the Company conducts business that does not have a disproportionate effect on the Company; (iii) the effect of any change arising in connection with hostilities, acts of war, sabotage, or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage, or terrorism or military actions existing or underway as of the Effective Date that does not have a disproportionate effect on the Company; (iv) any natural disaster that does not have a disproportionate effect on the Company; (v) the effect of any action taken by Buyer or its Affiliates in connection with the Transactions; (vi) the effect of any changes in Laws or accounting rules; (vii) the failure of the Company to meet any of its internal projections (unless the underlying cause of such failure is a Material Adverse Effect); or (viii) any effect directly resulting from the public announcement of this Agreement, compliance with the terms of this Agreement or the consummation of the Transactions.

"*M. Schultz Trust*" is defined in the recitals to this Agreement.

"*Material Contracts*" is defined in Section 4.16.

"*Multiemployer Plan*" has the meaning given in ERISA §3(37)(A).

"*Net Working Capital*" means the amount by which the current assets of the Company (excluding Cash) exceeds the amount of current liabilities of the Company (excluding the current portion of Funded Indebtedness, the Capital Lease Obligations and the payments due under the

Phantom Share Award Agreements), each determined in a manner consistent with the preparation of the Audited Financial Statements, including the application of GAAP therein, consistently applied, and as set forth on the Net Working Capital Schedule.

"*Net Working Capital Schedule*" means the schedule attached hereto as Exhibit D, which schedule contains the calculations, methods, practices, policies, procedures and principles used to calculate Net Working Capital for purposes of this Agreement and the determination of Target Net Working Capital.

"*New Real Estate Leases*" means the new leases to be entered into by the Company and RMPS at Closing with respect to each the Operating Facilities, substantially in the forms attached hereto as Exhibit E-1 and Exhibit E-2.

"*Objection Notice*" is defined in Section 2.5(c).

"*Operating Facilities*" means the leased real property of the Company located at 1469 Commerce Drive, Stow, Ohio 44224 and 4575 Hudson Drive, Stow, Ohio 44224.

"*Order*" means any applicable order, judgment, decree, stipulation, determination, ruling, award, decision, injunction, subpoena, charge, writ or verdict entered, issued, made or rendered by any Governmental Body.

"*Ordinary Course of Business*" means, with respect to an action taken or to be taken by a Person, that: (a) such action is consistent with the past practices of such Person and is taken in the usual and ordinary course of the normal day-to-day operations of such Person consistent with past custom and practice (including with respect to quantity and frequency); and (b) such action is not required to be authorized (notwithstanding whether authorization was or was not obtained) by the board of directors of such Person (or by any Person or group of Persons exercising similar authority).

"*Organizational Documents*" means with respect to any business organization or entity: (a) the articles or certificate of incorporation and any code of regulations or bylaws of a corporation; (b) the partnership agreement and any statement of partnership of a general partnership; (c) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (d) the limited liability company or operating agreement and articles or certificate of organization of a limited liability company; (e) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person that is not an individual; (f) any shareholder, close corporation or other agreement governing the voting, distribution or informational rights of the holders of equity therein; (g) the Close Corporation Agreement; and (h) any amendment to any of the foregoing.

"*Owned Intellectual Property*" is defined in Section 4.19(d).

"*Owner*" is defined within the definition of Subsidiary.

"*Patents*" is defined in Section 4.19(a).

"*Pension Plan*" has the meaning given in ERISA §3(2)(A).

"*Permitted Encumbrances*" means (a) statutory liens for current Taxes, special assessments or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP, (b) mechanics', materialmen's, carriers', workers', repairers' and similar statutory liens arising or incurred in the Ordinary Course of Business for obligations not yet due and payable, (c) zoning, entitlement, building and other land use regulations imposed by governmental agencies having jurisdiction over any Facilities owned or occupied by the Company which are not violated in any material respect by the current use and operation of the Facilities owned or occupied by the Company, (d) deposits or pledges made in connection with, or to secure payment of, worker's compensation, unemployment insurance, old age pension programs mandated under applicable legal requirements or other social security, (e) covenants, conditions, restrictions, easements, encumbrances and other similar matters of record described in Schedule 4.18 affecting title to but not adversely affecting current occupancy or use of the Facilities owned or occupied by the Company in any material respect and (f) restrictions on the transfer of securities arising under federal and state securities laws.

"*Person*" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Body.

"*Phantom Share*" means an economic interest in the Company granted to a Phantom Shareholder pursuant to a Phantom Share Award Agreement.

"*Phantom Share Award Agreements*" means the Contracts between the Company and each Phantom Shareholder relating to the Phantom Shares granted to such Phantom Shareholder and that are set forth on Schedule 4.5(b).

"*Phantom Share Surrender Agreements*" means the agreements to be executed and delivered by the Phantom Shareholders at or prior to the Closing, substantially in the form attached hereto as Exhibit F.

"*Phantom Shareholder*" is defined in the recitals of this Agreement.

"*Plan*" has the meaning given in ERISA §3(3).

"*Post-Closing Tax Period*" means any taxable period beginning after the Closing Date and, with respect to any Straddle Tax Period, the portion of such taxable period beginning after the Closing Date.

"*Pre-Closing Tax Period*" means any taxable period ending on or before the Closing Date and, with respect to any Straddle Tax Period, the portion of such taxable period ending on and including the Closing Date.

"*Proceeding*" means any action, arbitration, audit, charge, complaint, demand, hearing, investigation (by formal notice or process issued), litigation, proceeding or suit of any kind (whether civil, criminal, administrative, investigative or informal) commenced, filed, brought, conducted or heard by, against, to, of or before or otherwise involving any Governmental Body.

"*Purchase Price*" is defined in Section 2.2.

"*Range*" means any amount that is not less than $4,885,500 and not more than $4,985,500.

"*R. Schultz Trust*" is defined in the recitals to this Agreement.

"*Real Property Leases*" is defined in Section 4.18.

"*Reasonable Best Efforts*" means the efforts that a reasonable business Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as reasonably practicable.

"*Related Party*" means any shareholder, director, officer or Affiliate of the Company.

"*Related Party Agreements*" is defined in Section 4.22.

"*Release*" means any spilling, leaking, placing, pumping, pouring, exhausting, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment or the workplace of any Hazardous Materials in violation of or defined under any Environmental Law.

"*Releasee*" is defined in Section 8.6.

"*Releasor*" is defined in Section 8.6.

"*Representative*" means, with respect to a particular Person, any director, officer, partner, member, manager, employee, consultant, advisor, agent or other representative of such Person, including legal counsel, accountants, investment bankers and financial advisors.

"*Restricted Period*" is defined in Section 8.4(a).

"*Restricted Territory*" means: (a) the United States; (b) the geographic area(s) within a one-hundred (100) mile radius of any and all location(s) of the Business in which employees or independent contractors of the Business work or of any other geographic location to which employees or independent contractors of the Business are assigned or have any responsibility (either direct or supervisory); and (c) all of the specific customer accounts of the Business known to the Selling Shareholders, whether within or outside of the geographic areas defined in clauses (a) and (b) above.

"*RMPS*" means RMPS, LLC, an Ohio limited liability company that is an Affiliate of Selling Shareholders.

"*Schedules*" means the Schedules to this Agreement delivered by the Company to Buyer concurrently with the execution and delivery of this Agreement.

"*Schultz Employment Agreement*" means the employment agreement to be entered into by the Company and Richard J. Schultz at the Closing, substantially in the form attached hereto as Exhibit A.

"*Securities Act*" means the Securities Act of 1933.

"*Seller Indemnified Person*" is defined in Section 9.3.

"*Selling Expenses*" means all (a) unpaid costs, fees and expenses of outside professionals incurred by the Company or Selling Shareholders in connection with the negotiation, documentation and consummation of the Transactions contemplated by this Agreement, including, all legal fees, accounting, tax, investment banking fees and expenses, and (b) unpaid bonuses payable to employees, agents and consultants of and to the Company as a result of the Transactions (including the employer portion of any payroll, social security, unemployment or similar Taxes); provided, however, that any retention bonuses or other similar payments offered by the Company or Selling Shareholders to any Person in an aggregate amount of less than $50,000 shall not be considered a Selling Expense.

"*Selling Shareholders*" is defined in the preamble to this Agreement.

"*Shares*" is defined in the recitals of this Agreement.

"*Short Period*" is defined in Section 8.1.

"*Straddle Tax Period*" means any taxable period beginning on or before the Closing Date and ending after the Closing Date.

"*Subsidiary*" means, with respect to any Person (the "*Owner*"), any corporation or other Person of which securities or other interests having the power, directly or indirectly, to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power, directly or indirectly, to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the Owner or one or more of its Subsidiaries.

"*Target Net Working Capital*" means $4,935,500, the calculation of which is set forth on the Net Working Capital Schedule.

"*Target Net Working Capital Bottom Collar*" means $4,885,500.

"*Target Net Working Capital Top Collar*" means $4,985,500.

"*Tax*" means any tax of any kind whatsoever, including any federal, state, local or foreign income, capital gains, gift or estate, gross receipts, commercial activity, sales, use, value-added, production, *ad valorem*, transfer, documentary, franchise, net worth, capital, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, intangibles, windfall profits, customs, duties or other tax, fee, assessment, escheatment or charge of any kind whatsoever, including tax for which a taxpayer is responsible by reason of any tax-sharing agreement, or Treasury Regulations Section 1.1502-6 (and any comparable provision of state, local or foreign Tax law), or as a successor by reason of contract, indemnity or otherwise, together with any interest, addition to tax, fine or penalty with respect thereto and any interest in respect of such interest, additions to tax, fines or penalties.

"*Tax Return*" means any return (including any information return), report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Law relating to any Tax.

"*Terminated Phantom Share Award Agreements*" means the Contracts relating to the Phantom Shares that were surrendered, cancelled or otherwise terminated prior to the Closing Date and that are set forth on Schedule 4.5(b).

"*Third Party Claim*" is defined in Section 9.5(a).

"*Title IV Plans*" means all Pension Plans that are subject to Title IV of ERISA, 29 U.S.C. §§1301 *et seq*., other than Multiemployer Plans.

"*Transactions*" means all of the transactions contemplated by this Agreement, including: (a) the sale of the Shares by Selling Shareholders to Buyer; (b) the surrender of the Phantom Shares and the cancellation of the Phantom Shares and the Phantom Share Award Agreements; and (c) the performance by Buyer, Selling Shareholders and the Company of their respective covenants and obligations under this Agreement.

"*Trusts*" is defined in the recitals to this Agreement.

"*WARN Act*" means the Worker Adjustment and Retraining Notification Act of 1988.

1.2 INTERPRETIVE PROVISIONS

(a) The words "*hereof*," "*herein*" and "*hereunder*" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, schedule and exhibit references are to this Agreement unless otherwise specified. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms. The term "*or*" is disjunctive but, depending on the context, not necessarily exclusive. The terms "*include*" and "*including*" are not limiting and mean "*including without limitation*."

(b) All words used in this Agreement will be construed to be of such gender or number as the circumstances require. The use of any gender (including but not limited to the neutral gender) shall include any and all genders.

(c) Whenever this Agreement refers to a number of days, such number shall refer to calendar days and shall be counted from the day immediately following the date from which such number of days are to be counted.

(d) References to dollars or "$" shall mean United States Dollars.

(e) References to agreements and other documents shall be deemed to include all subsequent amendments and other modifications thereto.

(f) References to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions consolidating, amending or replacing such statutes or regulations.

(g) The captions and headings of this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

(h) The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(i) The Schedules and Exhibits to this Agreement are a material part hereof and shall be treated as if fully incorporated into the body of this Agreement.

(j) Any disclosure provided pursuant to any Section of this Agreement in any related Schedule will be conclusively deemed disclosed pursuant to all other Sections of this Agreement calling for the disclosure of the same information if such disclosure is made by a specific cross reference to such related Schedule or to the extent that the applicability of such matter is reasonably apparent on the face of such Schedule. The disclosure of any matter or item in any Schedule hereto shall not be deemed to constitute an acknowledgment that any such matter is required to be disclosed.

2. STOCK PURCHASE AND SALE

2.1 PURCHASE AND SALE OF THE SHARES; CANCELLATION OF PHANTOM SHARES

On the terms and subject to the conditions of this Agreement, at the Closing, (a) the Trusts will sell, assign, transfer and deliver, and Selling Shareholders will cause the Trusts to sell, assign, transfer and deliver, all of the Shares to Buyer, and Buyer will purchase and acquire all of the Shares, free and clear of all Encumbrances, and (b) the Phantom Shares will be surrendered and cancelled as set forth in the Phantom Share Surrender Agreements.

2.2 CLOSING PURCHASE PRICE

In consideration of the Transactions, the aggregate purchase price to be paid by Buyer to the Trusts at Closing is an amount in cash equal to:

(a) $75,470,000; plus

(b) the amount, if any, by which the Estimated Net Working Capital exceeds the Target Net Working Capital; minus

(c) the amount, if any, of any shortfall between the Estimated Net Working Capital and the Target Net Working Capital.

If the Estimated Net Working Capital is within the Range, no Estimated Net Working Capital Adjustment shall be paid at the Closing. The adjustment under clause (b) or (c) of this section is referred to herein the "*Estimated Net Working Capital Adjustment*." The result of the foregoing

calculation, the "*Closing Purchase Price*" and, as further adjusted pursuant to Section 2.5, the "*Purchase Price*."

2.3 CLOSING

The closing of the Transactions (the "*Closing*") will take place simultaneously with the execution and delivery of this Agreement either (a) electronically or (b) at the offices of Kohrman Jackson & Krantz P.L.L., counsel to Selling Shareholders and the Company, located at One Cleveland Center, 20th Floor, 1375 E. 9th Street, Cleveland, Ohio 44114.

2.4 CLOSING TRANSACTIONS

(a) Subject to the terms and conditions set forth in this Agreement, the parties hereto shall consummate the following transactions at the Closing:

(i) Buyer shall pay, or cause to be paid, by wire transfer of immediately available funds to the accounts designated on Schedule 2.4(a)(i), an amount equal to the Closing Purchase Price. The Closing Purchase Price will be delivered as follows:

(1) to the Escrow Agent, an amount equal to the Escrow Amount, to be held in accordance with the terms of the Escrow Agreement;

(2) to each applicable Person set forth on Schedule 2.4(a)(i), an amount equal to the portion of Funded Indebtedness set forth next to such Person's name;

(3) to each applicable Person set forth on Schedule 2.4(a)(i), an amount equal to the portion of Selling Expenses set forth next to such Person's name;

(4) to each Phantom Shareholder, an amount equal to the amount set forth next to such Person's name on Schedule 2.4(a)(i); and

(5) to the Trusts, the balance of the Closing Purchase Price.

(ii) Buyer and Selling Shareholders shall make such other deliveries as are required by Section 3.1.

(b) On the day immediately prior to the Closing Date, the Company shall distribute as a dividend to the Trusts each of the assets of the Company set forth on Schedule 2.4(b). Neither Buyer nor the Company shall have any Liability for any distribution or dividend made prior to the Closing.

(c) All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent and none shall be effective unless and until all are effective. The Closing shall be effective as of 11:59 p.m., Cleveland local time, on the Closing Date.

2.5 NET WORKING CAPITAL ADJUSTMENT

(a) The Company has prepared and delivered to Buyer a good faith estimate, together with all supporting documentation reasonably requested by Buyer, of the Net Working Capital of the Company as of the close of business on the Closing Date based on the Company's books and records and other information then available (the "*Estimated Net Working Capital*"). The Estimated Net Working Capital has been calculated on a basis consistent with the calculation of the Target Net Working Capital, as set forth in the Net Working Capital Schedule.

(b) As promptly as practicable after the Closing, but in no event later than sixty (60) days after the Closing Date, Buyer shall prepare and deliver to Selling Shareholders a statement (the "*Closing Working Capital Statement*") setting forth Buyer's calculation of the Net Working Capital as of the close of business on the Closing Date (the "*Closing Net Working Capital*"). The Closing Net Working Capital shall be calculated on a basis consistent with the calculations of the Target Net Working Capital, as set forth in the Net Working Capital Schedule.

(c) After the Closing, the Company and Buyer shall (i) permit Selling Shareholders and their Representatives to have reasonable access during normal business hours to the books, records and other documents (including work papers, schedules, financial statements and memoranda) of the Company pertaining to or used in connection with the preparation of the Closing Working Capital Statement and the calculation of the Closing Net Working Capital, and to make copies thereof (as reasonably requested by Selling Shareholders and at their expense), and (ii) provide Selling Shareholders and their Representatives with reasonable access to the Company's employees and accountants as reasonably requested by Selling Shareholders (including making the Company's chief financial officer, comptroller and accountants available to respond to reasonable written or oral inquiries of Selling Shareholders or their Representatives). If Selling Shareholders disagree with any part of Buyer's calculation of the Closing Net Working Capital, Selling Shareholders shall, within forty-five (45) days after Selling Shareholders' receipt of the Closing Working Capital Statement, notify Buyer in writing of such disagreement by setting forth Selling Shareholders' calculation of the Closing Net Working Capital and describing in reasonable detail the basis for such disagreement (an "*Objection Notice*"). If an Objection Notice is delivered to Buyer, then Buyer and Selling Shareholders shall negotiate in good faith to resolve their disagreements with respect to the computation of the Closing Net Working Capital.

(d) In the event that Buyer and Selling Shareholders are unable to resolve all such disagreements within thirty (30) days after Buyer's receipt of the Objection Notice, Buyer and Selling Shareholders shall submit such remaining disagreements to Grant Thornton LLP or such other nationally-recognized accounting firm as is mutually acceptable in writing to Buyer and Selling Shareholders (the "*Independent Accounting Firm*"). Buyer and Selling Shareholders each represent and warrant that neither they nor any of their respective Affiliates has a material relationship with the Independent Accounting Firm. The Independent Accounting Firm shall be engaged to act as an expert and not an arbitrator, shall review only the disputed items jointly submitted by Selling Shareholders and Buyer, and shall make a final determination of such disputed items and of the Closing Net Working Capital set forth in the Closing Working Capital Statement as a

result of such review. Buyer and Selling Shareholders shall use their respective Reasonable Best Efforts to cause the Independent Accounting Firm to resolve all remaining disagreements with respect to the computation of the Closing Net Working Capital as soon as practicable, but in any event shall direct the Independent Accounting Firm to render a determination within sixty (60) days after the date of the retention of the Independent Accounting Firm. The Independent Accounting Firm shall consider only those items and amounts in Buyer's calculations of the Closing Net Working Capital that are identified as being items and amounts to which Buyer and Selling Shareholders have been unable to agree. In resolving any disputed item, the Independent Accounting Firm may not assign a value to any item greater than the greatest value for such item claimed by either party or lesser than the smallest value for such item claimed by either party. The Independent Accounting Firm's determination of the Closing Net Working Capital shall be based solely on written materials submitted by Buyer and Selling Shareholders (*i.e.*, not on an independent review) and on the definition of Net Working Capital, the Net Working Capital Schedule, the express language of this Section 2.5 and any other sections of this Agreement expressly referenced in this Section 2.5. The determination of the Independent Accounting Firm shall be final, conclusive and binding upon the parties hereto and shall not be subject to appeal or further review.

(e) The term "*Final Net Working Capital*" shall mean: (i) the Closing Net Working Capital as calculated by Buyer under Section 2.5(b) if Selling Shareholders accept such calculation as delivered or do not timely deliver an Objection Notice; or (ii) the Closing Net Working Capital as finally determined pursuant to Section 2.5(c) or (d), as applicable.

(f) The costs and expenses of the Independent Accounting Firm in determining the Final Net Working Capital shall be borne by Buyer, on the one hand, and Selling Shareholders, on the other hand, based upon the percentage that the portion of the contested amount not awarded to each party bears to the amount actually contested by such party. For example, if Buyer claims the Closing Net Working Capital is $1,000 less than the amount determined by Selling Shareholders, and Selling Shareholders contest only $500 of the amount claimed by Buyer, and if the Independent Accounting Firm ultimately resolves the dispute by awarding Buyer $300 of the $500 contested, then the costs and expenses of the Independent Accounting Firm will be allocated 60% (*i.e.*, 300 ÷ 500) to Selling Shareholders and 40% (*i.e.*, 200 ÷ 500) to Buyer. In connection with its determination of Final Net Working Capital, the Independent Accounting Firm shall, pursuant to the terms of this Section 2.5(f), also determine the allocation of its fees and expenses between Buyer and Selling Shareholders in accordance with the foregoing ratio. All such allocations of fees, costs and expenses by the Independent Accounting Firm shall be final, conclusive and binding upon the parties hereto, absent manifest error by the Independent Accounting Firm in calculating such allocations.

(g) The Purchase Price shall be adjusted as follows:

(i) If the Final Net Working Capital is equal to the Estimated Net Working Capital, then there shall be no adjustment to the Purchase Price pursuant to this Section 2.5.

(ii) If the Estimated Net Working Capital exceeded the Target Net Working Capital Top Collar, and

(A) the Final Net Working Capital exceeds the Estimated Net Working Capital, then the Purchase Price shall be increased by the difference between the Final Net Working Capital and the Estimated Net Working Capital;

(B) the Final Net Working Capital is less than the Estimated Net Working Capital but exceeds the Target Net Working Capital Top Collar, then the Purchase Price shall be decreased by an amount equal to the difference between the Final Net Working Capital and the Estimated Net Working Capital;

(C) the Final Net Working Capital is within the Range, then the Purchase Price shall be decreased by an amount equal to the difference between the Estimated Net Working Capital and the Target Net Working Capital; or

(D) the Final Net Working Capital is less than the Target Net Working Capital Bottom Collar, then the Purchase Price shall be decreased by the sum of (1) an amount equal to the difference between the Estimated Net Working Capital and the Target Net Working Capital, plus (2) the amount by which the Final Net Working Capital is less than the Target Net Working Capital.

(iii) If the Estimated Net Working Capital was within the Range, and

(A) if the Final Net Working Capital exceeds the Target Net Working Capital Top Collar, then the Purchase Price shall be increased by an amount equal to the difference between the Final Net Working Capital and the Target Net Working Capital;

(B) if the Final Net Working Capital is less than the Estimated Net Working Capital Bottom Collar, then the Purchase Price shall be decreased by an amount equal to the difference between the Target Net Working Capital and the Final Net Working Capital; or

(C) if the Final Net Working Capital is within the Range, then there shall be no adjustment to the Purchase Price pursuant to this Section 2.5.

(iv) If the Estimated Net Working Capital was less than the Target Net Working Capital Bottom Collar, and

(A) the Final Net Working Capital is less than the Estimated Net Working Capital, then the Purchase Price shall be decreased by an amount equal to the difference between the Final Net Working Capital and the Estimated Net Working Capital;

(B) if the Final Net Working Capital exceeds the Estimated Net Working Capital but is less than the Target Net Working Capital Bottom Collar, then the Purchase Price shall be increased by an amount equal to the difference between the Final Net Working Capital and the Estimated Net Working Capital;

(C) the Final Net Working Capital is within the Range, then the Purchase Price shall be increased by an amount equal to the difference between the Estimated Net Working Capital and the Target Net Working Capital; or

(D) the Final Net Working Capital exceeds the Target Net Working Capital Top Collar, then the Purchase Price shall be increased by the sum of (1) an amount equal to the difference between the Estimated Net Working Capital and the Target Net Working Capital, plus (2) the amount by which the Final Net Working Capital exceeds the Target Net Working Capital.

(h) Any payment to be made by Selling Shareholders or by Buyer pursuant to Section 2.5(g), as the case may be (any such payment, the "*Final Net Working Capital Adjustment*"), shall be made within five (5) Business Days after the Final Net Working Capital is finally determined pursuant to this Section 2.5 and shall include interest on the excess or deficiency, as applicable, at a rate per annum equal to the prime rate of interest reported from time to time in *The Wall Street Journal*, calculated on the basis of the actual number of days elapsed over 360, from the Closing Date to the date of such payment. The Final Net Working Capital Adjustment, shall

(i) be treated by all parties for tax purposes as adjustments to the Purchase Price (exclusive of interest), and

(ii) be made by wire transfer of immediately available funds to the accounts designated by Buyer or Selling Shareholders, as applicable.

3. CLOSING DELIVERIES

3.1 CLOSING DELIVERIES

(a) At the Closing, Selling Shareholders shall deliver or cause to be delivered to Buyer:

(i) a certificate signed by the Secretary of the Company, dated as of the Closing Date, certifying as to (A) the full force and effect of the Organizational Documents of the Company attached to such certificate as an exhibit and (B) the accuracy and full force and effect of the resolutions adopted by Selling Shareholders regarding this Agreement and the Transactions to which the Company is a party that are attached as an exhibit to such certificate, which resolutions shall be in form and substance reasonably satisfactory to Buyer;

(ii) true, complete and correct copies of the resolutions adopted by Selling Shareholders terminating the Company's 401(k) plan effective upon a date no later than one (1) day prior to the Closing, together with any other applicable

documentation reasonably satisfactory to the Buyer evidencing the termination of such plan, including evidence of the provision of requisite notice of each such termination to service providers, trustees and participants, as applicable, of such 401(k) plan, certified by the Secretary of the Company;

(iii) the resignations of each of the trustees of the Company's 401(k) plan, effective upon a date no later than one (1) day prior to the Closing;

(iv) a certificate of good standing for the Company issued by the Ohio Secretary of State no earlier than ten (10) days prior to the Closing Date;

(v) the certificates representing the Shares, duly endorsed for transfer to Buyer or accompanied by duly executed stock powers evidencing their transfer to Buyer;

(vi) the resignations of each of officers of the Company, effective as of the Closing;

(vii) the Schultz Employment Agreement, duly executed by Richard J. Schultz;

(viii) each Management Employment Agreement, duly executed by the individual that is a party thereto;

(ix) each of the New Real Estate Leases, duly executed by RMPS;

(x) a termination of the Close Corporation Agreement, duly executed by each Selling Shareholder and the Company in a form reasonably acceptable to Buyer;

(xi) the corporate record books and stock record books of the Company;

(xii) evidence of the full payment, satisfaction and discharge or release of all Funded Indebtedness of the Company (other than those obligations set forth on Schedule 3.1(a)(xii) which will remain obligations of the Company following the Closing), including payoff letters from the applicable lenders or lessors and releases, or agreements by such lenders or lessors to release, any Encumbrances on any of the Shares or any of the assets or properties of the Company related to such Funded Indebtedness, each in a form reasonably acceptable to Buyer and duly executed;

(xiii) a subordination, non-disturbance and attornment agreement in respect of each of the New Real Estate Leases, each in a form reasonably acceptable to Buyer and duly executed;

(xiv) a certificate from each Selling Shareholder certifying that, pursuant to Treasury Regulation Section 1.1445-2(b), such Selling Shareholder is not a foreign person within the meaning of Section 1445 of the Code and in the form provided in Treasury Regulation Section 1.1445-2(b)(2)(iv)(A);

(xv) a Phantom Share Surrender Agreement, duly executed by each Phantom Shareholder;

(xvi) an IRS Form 8023 (Elections under Section 338 for Corporations Making Qualified Stock Purchases) with respect to the Company, duly executed by each of the Trusts and the Selling Shareholders, and any other analogous or corresponding form required to be filed with any state, local or foreign Governmental Body to effect the 338(h)(10) Election;

(xvii) a properly completed IRS Form W-9 of each Selling Shareholder;

(xviii) a patent assignment, duly executed by Richard J. Schultz and the Company; and

(xix) the Escrow Agreement, duly executed by each Selling Shareholder and the Escrow Agent.

(b) At the Closing, Buyer shall deliver to Selling Shareholders:

(i) a certificate signed by the Secretary (or comparable officer) of Buyer, dated as of the Closing Date, certifying as to (A) the full force and effect of the Organizational Documents of Buyer attached to such certificate as an exhibit and (B) the accuracy and full force and effect of the resolutions adopted by the board of directors (or comparable governing body) of Buyer regarding this Agreement and the Transactions to which it is a party that are attached as an exhibit to such certificate, which resolutions shall be in form and substance reasonably satisfactory to Selling Shareholders;

(ii) a certificate of good standing for Buyer issued by the Ohio Secretary of State no earlier than ten (10) days prior to the Closing Date;

(iii) the Closing Purchase Price;

(iv) the Schultz Employment Agreement, duly executed by the Company;

(v) each Management Employment Agreement, duly executed by the Company;

(vi) each of the New Real Estate Leases, duly executed by the Company; and

(vii) the Escrow Agreement, duly executed by Buyer.

(c) All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent and none shall be effective unless and until all are effective.

4. REPRESENTATIONS AND WARRANTIES RELATING TO THE COMPANY

The Company, the Trusts and Selling Shareholders represent and warrant to Buyer as follows:

4.1 ORGANIZATION AND GOOD STANDING

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio, with the corporate power and corporate authority to (i) own, operate and lease its properties and assets as and where currently owned, operated and leased and (ii) conduct the Business as it is now being conducted. The Company is duly qualified to do business as a foreign corporation in, and is in good standing under the Laws of, each state or other jurisdiction in which the Company requires such qualification, except for such failures to be so qualified, authorized or in good standing as shall not have had, or could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(b) Pursuant to the Close Corporation Agreement, the Company has elected to be a close corporation governed by Section 1701.591 of the Ohio Revised Code. Pursuant to the Close Corporation Agreement, and as permitted by Section 1701.591 of the Ohio Revised Code, the Company has no board of directors.

(c) The Company has delivered or made available to Buyer true, accurate and complete copies of the Organizational Documents of the Company.

(d) The Company has no Subsidiaries.

(e) Except as set forth on Schedule 4.1(e), the Company is the only Person through which the Business is conducted.

4.2 AUTHORITY

The Company has all corporate right, power, authority and capacity to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly executed and delivered by the Company. The execution and delivery by the Company of this Agreement and the Ancillary Agreements to which the Company is a party, the performance by the Company of its obligations hereunder and thereunder and the consummation by the Company of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Company. Upon execution and delivery by all parties hereto, this Agreement will constitute the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors and/or general equitable principles.

4.3 NO CONFLICT

Except as set forth in Schedule 4.3, neither the execution and delivery by the Company of this Agreement nor the consummation or performance by the Company of any of the Transactions to which it is a party will, directly or indirectly (with or without notice or lapse of time):

(a) conflict or contravene with the Company's Organizational Documents;

(b) give any Person the right to prevent, delay, accelerate, modify, terminate or otherwise interfere with the Company's ability to perform with respect to such Transactions, to comply with any Contract to which the Company is a party or by which the Company or any of its assets or properties may be bound, or to comply with any Law or Order; or

(c) result in the imposition or creation of any Encumbrance upon any asset or property of the Company.

4.4 CONSENTS

Except as set forth in Schedule 4.4, the Company is not and will not be required to give any notice to or obtain any Consent from any Person or Governmental Body in connection with

(a) the execution and delivery by the Company of this Agreement, any Ancillary Agreement or the performance by the Company of any of the Transactions contemplated hereunder or thereunder or

(b) the continuing validity and effectiveness immediately following the Closing of any Governmental Authorization or Contract of the Company.

4.5 CAPITALIZATION

(a) Schedule 4.5(a) contains a complete and accurate list for the Company of its name, its fictitious names (if any, and the jurisdictions where such names have been filed), its jurisdiction of incorporation and its capitalization (including the identity of each shareholder and the number of shares held by each), in each case, as of the Effective Date. Except as set forth in the Close Corporation Agreement, there are (i) no outstanding subscriptions, options, calls, convertible debt, contracts, commitments, understandings, restrictions, arrangements, warrants or other rights, including any rights plan, or any right of conversion or exchange under any outstanding security, instrument or other agreement, obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock (or rights to acquire capital stock) of the Company, or obligating the Company to grant, extend or enter into any such agreement or commitment and (ii) no voting trusts, proxies or other agreements or understandings to which the Company or Selling Shareholders are a party or are bound with respect to the voting of any of the Shares or which restrict the transfer of any such Shares. There are no restrictions on the ability of the Company to make distributions of cash to its shareholders. All of the Shares have been duly authorized and validly issued and are fully paid and nonassessable. None of the Shares was issued in violation of the Securities Act or any other Law. The Shares were issued in compliance with any preemptive rights or rights of first refusal of any Person. Other than this Agreement and the Close Corporation Agreement, (i) there are no Contracts relating to the issuance, sale, transfer or voting of any equity securities or other securities of the Company, and (ii) there is no obligation, contingent or otherwise, of the Company to repurchase, redeem or otherwise acquire any share of the capital stock or other equity interests of the Company or provide funds to, make any investment in (in the form of a loan, capital contribution or otherwise) or provide any Guarantee with respect to

the obligations of any other Person. There are no bonds, debentures, notes or other Funded Indebtedness of the Company giving any Person the right to vote or consent (or that are convertible into or exchangeable for securities of the Company that have the right to vote or consent) on any matters on which the shareholders of the Company may vote.

(b) Schedule 4.5(b) sets forth a true and complete list of

(i) the individual items constituting the Funded Indebtedness of the Company as of the Effective Date (indicating the amount and the Person to whom such amount is owed) and

(ii) each of the Phantom Share Award Agreements and the amount of Phantom Shares underlying each such Phantom Share Award Agreement. Other than the Phantom Share Award Agreements and the Terminated Phantom Share Award Agreements, each of which is set forth on Schedule 4.5(b), there are no other Contracts relating to Phantom Shares or other similar obligations of the Company. The Company has no Liability with respect to any of the Terminated Phantom Share Award Agreements.

4.6 FINANCIAL STATEMENTS

(a) Attached as Schedule 4.6(a) are true, complete and correct copies of the following financial statements (collectively, the "*Financial Statements*"):

(i) the audited balance sheet and statement of income and retained earnings and cash flows of the Company for the fiscal year ended December 31, 2011, together with the notes thereto (the "*Audited Financial Statements*");

(ii) the unaudited balance sheet and statement of income and retained earnings and cash flows of the Company for the fiscal year ended December 31, 2010, together with the notes thereto; and

(iii) the unaudited balance sheet of the Company as of the end of August 31, 2012 and related unaudited statements of income for the eight (8)-month period then ended (the "*Latest Balance Sheet*"). Except as set forth on Schedule 4.6, the Financial Statements and the Latest Balance Sheet have been prepared in accordance with GAAP, consistently applied throughout the periods covered thereby, and present fairly the financial position of the Company as of their respective dates and the results of its operations for the respective periods covered, in each case in all material respects, except that the unaudited Financial Statements do not contain (1) a statement of cash flows, (2) footnote disclosures or (3) normal recurring year-end adjustments. The Financial Statements were derived from the books and records of the Company. The books of account of the Company and to which Buyer and its Representatives have been provided access (x) are true, accurate and complete in all material respects, (y) have been maintained in accordance with good business practices in all material respects, and (z) fairly reflect in all material respects all of the properties, assets, liabilities and transactions of the Company. To the Knowledge of the Company, there are no significant deficiencies or material weaknesses in the design or operation of the Company's

internal controls that adversely affect the ability of the Company to record, process and summarize its financial information.

(b) The Inventory of the Company is of a quality and quantity that is either useable or salable in the Ordinary Course of Business, subject to appropriate and adequate allowances reflected on the Financial Statements for obsolete, excess, slow-moving and other irregular items. Such allowances have been calculated in accordance with GAAP and in a manner consistent with past practice. Except as set forth on Schedule 4.6(b), all of the Inventory of the Company is located on a premises owned or leased by the Company (other than Inventory in transit to or from the Company) and none of the Company's Inventory is held on consignment, or otherwise, by third parties. All Inventory of the Company is valued in accordance with GAAP at the lower of cost (on a FIFO basis) or market. Notwithstanding any other provision to the contrary in this Agreement, in no event shall the Company, the Trusts or the Selling Shareholders be deemed to guarantee the price at or the date on which any of the Inventory of the Company shall be sold.

(c) The accounts and notes receivable of the Company reflected on the Financial Statements and the Latest Balance Sheet

(i) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the Ordinary Course of Business, and

(ii) constitute valid claims of the Company that, to the Knowledge of the Company, are not subject to claims of setoff or other defenses or counterclaims. The reserves on the Financial Statements and the Latest Balance Sheet against such accounts and notes receivable for returns and bad debts are adequate and have been calculated in accordance with GAAP and in a manner consistent with past practice. The accounts and notes receivable arising after the date of the Latest Balance Sheet and prior to the Closing Date arose from bona fide transactions in the Ordinary Course of Business. Notwithstanding any other provision to the contrary in this Agreement in no event shall the Company, the Trusts or the Selling Shareholders be deemed to guarantee that the accounts and notes receivable of the Company shall be collected.

4.7 NO UNDISCLOSED LIABILITIES

Except as and to the extent set forth on Schedule 4.7, the Company has no Liabilities, except:

(a) as and to the extent reflected or reserved against in the Financial Statements;

(b) those that have been incurred in the Ordinary Course of Business (none of which relates to a breach of Contract, breach of warranty, tort, infringement, violation of Law or environmental Liability) since the date of the Latest Balance Sheet; and

(c) executory Liabilities under Contracts to which the Company is a party (none of which relates to a breach of Contract, breach of warranty, tort, infringement, violation of Law or environmental Liability).

4.8 TITLE AND CONDITION OF PROPERTIES

(a) The Company has good and marketable title to, or a valid leasehold interest in, all the personal properties and assets (whether tangible or intangible) that are either used or held for use by the Company (wherever located), that are reflected in the Financial Statements or that were acquired since the date of the Latest Balance Sheet. Except as set forth on Schedule 4.8(a), all personal property and assets of the Company are free and clear of all Encumbrances, except for the Permitted Encumbrances.

(b) All such personal properties and assets that are material to the conduct of the Business, and the Facilities and buildings, fixtures and improvements thereon, are in good condition and repair (subject to normal wear and tear) and are adequate for the uses to which they are being put, and none of such properties and assets is in need of maintenance or repairs other than ordinary and routine maintenance and repairs.

4.9 TAXES

Except as set forth on Schedule 4.9,

(a) all Tax Returns required to be filed by the Company for any Pre-Closing Tax Period have been timely filed and such Tax Returns are true, complete and correct in all material respects;

(b) all Taxes due and owing by the Company for any Pre-Closing Tax Period (whether or not shown on any Tax Return) have been timely paid or appropriate reserves have been set aside in accordance with GAAP;

(c) the Company has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, former employee, independent contractor, creditor, customer, shareholder or other party, and has complied with all information reporting and backup withholding provisions of applicable Law;

(d) no extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company and there are no extensions of time within which to file any Tax Return currently in effect;

(e) all Tax deficiencies asserted, or assessments made, against the Company as a result of any examinations by any Governmental Body have been fully paid and, to the Knowledge of the Company, there are no Tax deficiencies or assessments threatened with respect to the Company;

(f) to the Knowledge of the Company, no claim that the Company is or may be subject to taxation has been made by a Governmental Body in a jurisdiction where the Company does not file Tax Returns;

(g) to the Knowledge of the Company, there are no pending or threatened audits, examinations or investigations by any Governmental Body concerning the Company;

(h) there is no Tax administrative proceeding or Tax litigation against the Company;

(i) the Company is not a party to any Tax allocation, Tax indemnity or Tax sharing agreements or similar arrangements;

(j) the Company has collected all sales or use Taxes and to its Knowledge, all value added taxes required to be collected by applicable Law, and has timely remitted all such collected amounts to the appropriate Governmental Body;

(k) the Company is not, nor has it ever been, a member of a consolidated, affiliated, combined or unitary Tax group;

(l) the Company will not be required to include in a Post-Closing Tax Period taxable income attributable to income that accrued in a Pre-Closing Tax Period but was not recognized in any such period for any reason, including

(i) the installment method of accounting,

(ii) the long-term contract method of accounting or

(iii) a "closing agreement" as described in Section 7121 of the Code (or any provision of any state, local or foreign Tax law having similar effect);

(m) the Company

(i) has not agreed, nor is it required, to make any adjustment under Section 481(a) of the Code by reason of any change in accounting method or otherwise or

(ii) has not distributed the stock of any corporation or had its stock distributed by another person in a transaction satisfying or intending to satisfy the requirements of Section 355 of the Code;

(n) the Company has not made any payments, nor is it obligated to make any payments, and is not a party to any agreement or agreements that, individually or collectively, provide for the payment of any amount of salaries or compensation for services

(i) that is not deductible under Sections 162(a)(1) or 404 of the Code or

(ii) that is an "excess parachute payment" pursuant to Section 280G of the Code;

(o) the Company has not been a party to a "reportable transaction" (as such term is defined in Treasury Regulations Section 1.6011-4(b));

(p) the Company is, and has been at all times since September 1, 1990, an S corporation (as defined in Section 1361(a)(1) of the Code) for U.S. federal, state and local income tax purposes, and all of its items or income, gain, deduction, loss and credit therefore pass through to its shareholders, and none of its assets (or income and deductions) are subject to Tax under Section 1374 of the Code;

(q) since its formation, the Company (including any predecessors) has never

(i) owned the stock of any corporation,

(ii) owned a membership interest in any limited liability company, and

(iii) been a member of any partnership or joint venture; and

(r) none of the activities of the Company gives rise to the creation of permanent establishments in foreign countries for Tax purposes.

4.10 EMPLOYEE BENEFITS

(a) Schedule 4.10(a) lists each Company Plan that the Company maintains, to which the Company contributes or has any obligation to contribute, or with respect to which the Company has any material Liability. No Company Plan is a Title IV Plan, and at no time has the Company or any ERISA Affiliate contributed to or been obligated to contribute to a Multiemployer Plan. The Company has no Liability with respect to any plan, arrangement or practice of the type described in the preceding sentence other than the Company Plans. No Employee Benefit Plan is funded by, associated with, or related to a "voluntary employees' beneficiary association" within the meaning of Section 501(c)(9) of the Code.

(b) True and complete copies of the following materials have been delivered or made available to Buyer:

(i) all current and prior plan documents for each Company Plan that the Company or Selling Shareholders have in its or their possession and that are required to be executed in order to be legally effective, regardless of whether copies provided to Buyer are executed or, in the case of an unwritten Company Plan, a written description of such Company Plan;

(ii) all determination letters from the IRS with respect to any Company Plan;

(iii) all current summary plan descriptions, summaries of material modifications, the three most recent annual reports (Form 5500s, with all applicable attachments) and summary annual reports with respect to any Company Plan;

(iv) all current and prior trust agreements, insurance contracts and other documents relating to the funding or payment of benefits under any Company Plan that the Company or Selling Shareholders have in its or their possession and that are required to be executed in order to be legally effective, regardless of whether copies provided to Buyer are executed;

(v) copies of all resolutions adopted in connection with any Company Plan regardless of whether the copies provided to Buyer have been executed; and

(vi) any other documents, forms or other instruments relating to any Company Plan requested by Buyer (executed where appropriate). Each Company Plan (and each related trust, insurance contract or fund) has been adopted, maintained, operated and administered in compliance with its terms and any related

documents or agreements and in compliance with all applicable Laws, including the applicable requirements of ERISA and the Code.

(c) All required reports and descriptions (including Form 5500 annual reports, summary annual reports, and summary plan descriptions) have been timely filed and/or distributed in accordance with the applicable requirements of ERISA and the Code with respect to each Company Plan.

(d) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been made within the time periods prescribed by ERISA and the Code to each Company Plan and all contributions for any period ending on or before the Closing Date that are not yet due have been made to the relevant Company Plan or accrued in accordance with the past custom and practice of the Company. All premiums, contributions or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Company Plan.

(e) Other than claims for benefits submitted by participants or beneficiaries, to the Knowledge of the Company, there is no Proceeding against or involving any Company Plan pending or threatened. There have been no prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code with respect to any Company Plan maintained by the Company or any Company Plan maintained by an ERISA Affiliate that, either individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect. No fiduciary has any Liability for material breach of fiduciary duty or any other material failure to act or comply in connection with the administration or investment of the assets of any Company Plan.

(f) Neither the Company nor any ERISA Affiliate contributes to, has or ever has had any obligation to contribute to, or has any Liability under or with respect to

(i) any Company Plan that is a “defined benefit plan” (as defined in Section 3(35) of ERISA) or that is subject to Section 412 of the Code or

(ii) any Multiemployer Plan.

(g)Each Company Plan has been timely amended to reflect the provisions of any and all applicable and material Laws in effect for any period prior to or as of the Closing other than amendments for which the remedial amendment period under Section 401(b) of the Code (including, if applicable, any extension of the remedial amendment period) has not expired, and there are no plan document failures, operational failures, demographic failures, or employee eligibility failures within the meaning of Revenue Procedure 2006-27 or Revenue Procedure 2008-50 with respect to any Company Plan.

(h) Each Company Plan maintained by the Company or maintained by an ERISA Affiliate, intended to meet the requirements for tax-favored treatment under subchapter B of Chapter 1 of the Code, meets and at all times has met those requirements. With respect to any Company Plan maintained by the Company or an ERISA Affiliate, there is no disqualified benefit that would, as defined in Section 4976(b) of the Code, subject the Company or any ERISA Affiliate to a Tax under Section 4976(a) of the Code. The Company and each ERISA Affiliate has timely complied with all duties imposed upon

the Company or such ERISA Affiliate by Part 6 of Subtitle B of Title I of ERISA or 4980 B(f) of the Code ("*COBRA*"), or by similar provisions of state Law to the extent applicable. Schedule 4.10(h) contains a list of all individuals, (x) for whom the Company or any ERISA Affiliate has provided continuation of health benefit coverage during the past three (3) years as required by COBRA, and (y) to whom the Company or any ERISA Affiliate has delivered, or caused to be delivered, a notice required by COBRA, within the last three (3) years.

(i) Since January 1, 1998, neither the Company nor any ERISA Affiliate has entered into an arrangement whereby any Person became a leased employee, as defined in Section 414(n)(2) of the Code.

(j) With respect to any Company Plan that is a 401(k) plan, since the date such 401(k) Plan has provided for safe-harbor matching contributions

(i) no matching contributions other than safe-harbor matching contributions have been made to such 401(k) Plan;

(ii) no discretionary profit sharing contributions have been made to such 401(k) Plan; and

(iii) no hardship distributions have been made of safe-harbor contributions from such 401(k) Plan.

(k) The adoption and all amendments of each Company Plan that either

(i) is intended to be qualified under Section 401(a) of the Code or

(ii) that is intended to permit employees to make pre-tax contributions under Section 125 of the Code and any related trust agreement has been duly and validly approved by the Company at the time that such Company Plan or related trust agreement was adopted or amended, as the case may be.

(l) The person or persons executing any documents establishing, amending or administering any Company Plan on behalf of the Company had the authority to execute the same.

(m) The Company maintains one or more "nonqualified deferred compensation plans" (as defined for purposes of Section 409A(d)(1) of the Code). Each Company Plan that is a nonqualified deferred compensation plan that is subject to Section 409A of the Code has been maintained in documentary and operational compliance with Section 409A of the Code and ERISA.

(n) Except as set forth on Schedule 4.10(n),

(i) neither the execution or delivery of this Agreement by the Company or Selling Shareholders,

(ii) the performance of this Agreement by the Company or Selling Shareholders or

(iii) the consummation of the Transactions could entitle any employee or former employee, officer, director or consultant of the Company to:

(A) severance pay or any increase in severance pay upon termination of employment after the date of this Agreement; or

(B) accelerate the time of payment or vesting or result in any payment or funding of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any Company Plan.

4.11 LABOR COMPLIANCE

(a) Schedule 4.11(a) sets forth a list of all employees, independent contractors and sales representatives of the Company as of the Effective Date and sets forth for each such Person the following:

(i) full legal name;

(ii) title or position (including whether full or part time);

(iii) hire date;

(iv) current annual base compensation rate;

(v) commission, bonus or other incentive-based compensation;

(vi) accrued or deferred bonus payments, including any bonuses due and payable in connection with the Transactions contemplated by this Agreement; and

(v) a description of the fringe benefits provided to each such individual. All commissions and bonuses payable to Employees, consultants or contractors of the Business for services performed have been paid in full or are reflected in the calculation of Estimated Net Working Capital.

(b) The Company is not:

(i) a party to, or bound by, any collective bargaining or other Contract with any labor union or other labor organization;

(ii) subject to any pending or, to the Knowledge of the Company, threatened Proceeding asserting that the Company has committed any unfair labor practice or seeking to compel it to bargain with any labor organization as to wages or conditions of employment; or

(iii) subject to any pending or, to the Knowledge of the Company, threatened, strike, work stoppage, lockout, organizational attempt on behalf of any labor union, concerted refusal to work over time or other similar material labor dispute affecting the Company or any of its employees or former employees.

(c) The Company is and has been in material compliance with all applicable Laws (including the WARN Act and the Immigration Reform and Control Act of 1986, as amended) pertaining to employment and employment practices to the extent they relate to the employees or former employees of the Company, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, health and safety, workers' compensation, leaves of absence, hiring, terms and conditions, discrimination and termination, collective bargaining, unemployment insurance and the withholding and payment of social security and other Taxes. The Company has not incurred, and no circumstances exist under which it would reasonably be expected to incur, any material Liability arising from the misclassification of any employees or former employees of the Company as consultants or independent contractors or from the misclassification of consultants or independent contractors as employees of the Company. Except as set forth on Schedule 4.11(c), there are no pending or, to the Knowledge of the Company, threatened Proceedings involving the Company with any Governmental Body or arbitrator in connection with the employment of any employee or former employee, consultant or independent contractor of the Company, including any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay or any other employment related matter arising under applicable and material Laws.

(d) Except as set forth on Schedule 4.11(d), none of the current or former employees is subject to any secrecy or non-competition agreement with the Company.

4.12 COMPLIANCE WITH LAWS

(a) The Company is now, and has been, in material compliance with all Laws and Orders that are applicable to the Company, the conduct or operation of the Business or the ownership or use of any of the Company's assets or properties. To the Knowledge of the Company, no event has occurred or circumstance exists that would reasonably be expected to constitute a material violation of any Law in connection with the conduct of the Business.

(b) All products sold and services provided by the Company have been in material compliance with all regulatory and other relevant industry standards, including all regulations of the U.S. Food and Drug Administration or other similar Governmental Body, applicable to

(i) the Company,

(ii) the conduct or operation of the Business or

(iii) the ownership or use of any of the Company's assets or properties.

(c) None of the Company, either Selling Shareholder or, to the Knowledge of the Company, any Person associated with or acting on behalf of any of them has directly or indirectly

(i) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback or other payment to any Person, regardless of form, whether in money, property or services,

(A) to obtain favorable treatment in securing business for the Company,

(B) to pay for favorable treatment for business secured by the Company,

(C) to obtain special concessions or for special concessions already obtained, for or in respect of the Company or

(D) in violation of any Law (including the Foreign Corrupt Practices Act of 1977), or

(ii) established or maintained any fund or asset with respect to the Company that has not been recorded in the books and records of the Company.

4.13 GOVERNMENTAL AUTHORIZATIONS

Schedule 4.13 sets forth a list of all Governmental Authorizations held by the Company, which constitutes all of the Governmental Authorizations that are material to the conduct the Business. The Company has delivered or made available to Buyer true, correct and complete copies of each such Governmental Authorization. Each such Governmental Authorization is valid and in full force and effect. The Company has all Governmental Authorizations necessary to permit the Company to lawfully conduct and operate its business as presently conducted, and all fees and charges with respect to such Governmental Authorizations as of the Closing Date have been paid in full. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Governmental Authorization set forth (or required to be set forth) on Schedule 4.13.

4.14 LEGAL PROCEEDINGS; ORDERS

(a) Except as set forth on Schedule 4.14(a)(i), there is no pending or threatened Proceeding by, or to the Knowledge of the Company, against the Company that

(i) relates to or affects the Company or the conduct of the Business or

(ii) may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Transactions to which the Company is a party. Except as set forth on Schedule 4.14(a)(ii), to the Knowledge of the Company, no event has occurred or circumstance exists that may give rise to, or serve as a basis for, any such Proceeding. Schedule 4.14(a)(iii) lists all Proceedings to which the Company was a party in the past three (3) years (whether or not settled).

(b) Neither the Company nor any of the assets or properties owned or used by the Company is subject to any Order.

4.15 ENVIRONMENTAL MATTERS

Except as set forth on Schedule 4.15:

(a) the operations of the Company are and have been in material compliance with all applicable Environmental Laws, which compliance includes having obtained, maintained and complied with any Permits required under all such Environmental Laws that are necessary to operate its business (collectively, "*Environmental Permits*");

(b) the Company is not subject to any pending or, to the Knowledge of the Company, threatened Proceeding (and the Company has not received any administrative, civil or criminal claim, demand, order, settlement agreement, notice, citation, complaint, summons, notice of violation or request for information by any Governmental Body or any other Person) alleging that the Company is in violation of any Environmental Law or any Environmental Permit or alleging that the Company has any material Liability under any Environmental Law;

(c) except in material compliance with Environmental Laws, no Hazardous Materials have been

(i) used, generated, manufactured, stored, treated, disposed of, landfilled or Released by the Company on, under or about

(A) the Operating Facilities or

(B) to the Knowledge of the Company, any other property presently or formerly owned, leased or operated by the Company or

(ii) transported by or on behalf of the Company to or from

(A) the Operating Facilities or

(B) to the Knowledge of the Company, any other property presently or formerly owned, leased or operated by the Company;

(d) to the Knowledge of the Company, except in material compliance with Environmental Laws, no Hazardous Materials have been used, generated, manufactured, stored, treated, disposed of, landfilled or Released by any other Person on, under or about

(i) the Operating Facilities or

(ii) any other property presently or formerly owned, leased or operated by the Company;

(e) the Company has provided to Buyer all copies of all material documentation regarding Hazardous Materials or concerning compliance with Environmental Laws, or concerning any Environmental Permits, environmental reports, audits, storage and disposal

of Hazardous Materials, agency reports and emergency response plans relating to the Company, the Business or the Operating Facilities;

(f) the Company has not stored, treated, recycled or disposed or arranged for storage, treatment, recycling, or disposal of Hazardous Materials to any site listed or, to the Knowledge of the Company, proposed for listing on the National Priorities List promulgated pursuant to CERCLA, listed on the CERCLA Information System or included on any similar listed maintained by any Governmental Body; and

(g) without in any way limiting the generality of the foregoing:

(i) there are no underground storage tanks at the Operating Facilities or, to the Knowledge of the Company, any other property currently or formerly owned, leased or operated by the Company;

(ii) except in material compliance with applicable Environmental Law, there is no asbestos or urea formaldehyde foam insulation contained in or forming part of any building, building component, structure or office space on the Operating Facilities; and

(iii) no PCBs are stored or used in the Business or the Operating Facilities.

4.16 MATERIAL CONTRACTS

Schedule 4.16(a) sets forth all of the following Contracts (and in the case of any oral Contracts, the material terms of such Contract) to which the Company is a party or by which the Company or any of the assets of the Company are bound (collectively, the "*Material Contracts*"):

(a) relating to any of the Company's capital expenditures or lease obligations, or its acquisition or construction of fixed assets for or in respect of any real property, involving payments in excess of $100,000 (individually);

(b) relating to the Company's purchase, lease or maintenance of equipment, vehicles, Inventory, materials, supplies, machinery, equipment, parts or any other property in excess of $100,000 annually;

(c) relating to any of the Company's obligations of payment in respect of employment, sales commissions, bonuses or severance with:

(i) any of the Company's officers; or

(ii) any other employee of, consultant to or independent sales representatives engaged by the Company;

(d) involving aggregate consideration in excess of $100,000 or that cannot be cancelled without penalty or without more than thirty (30) days' notice;

(e) providing for the indemnification of any Person or the assumption of any Tax or other Liability of any Person;

(f) relating to the acquisition or disposition of any business, stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(g) pertaining to any broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contract;

(h) governing the borrowing of money or the Guarantee or repayment of Funded Indebtedness or the granting of any Encumbrance on any property or asset of the Company;

(i) concerning the use of or restricting the use of any Owned Intellectual Property, including development, assignment and licenses therefor;

(j) involving a (A) customer or (B) supplier, in each case, of the Business that entails the delivery after the Closing Date of products or services in exchange for annual aggregate payments that could exceed $100,000;

(k) pertaining to the settlement or compromise of any Proceedings that were (A) entered into during the three (3) years prior to the Closing Date or (B) under which any Seller has any outstanding Liability or obligation;

(l) limiting or purporting to limit the ability of the Company to compete in any line of business or with any Person or in any geographic area or during any period of time, including exclusivity arrangements, non-competition, powers of attorney or similar restrictions;

(m) requiring the payment (whether by or to the Company) of any fee or penalty in the event of any failure to perform or late performance; and

(n) with a Governmental Body as a counterparty.

The Company has provided or made available to Buyer true and complete copies of each Material Contract, as amended through the Effective Date. Each Material Contract is in full force and effect and constitutes a valid, binding and enforceable obligation of the Company and, to the Knowledge of the Company, the other parties thereto, each enforceable in accordance with its terms, except as may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors and/or general equitable principles. Except as set forth on Schedule 4.16(b), (i) neither the Company nor, to the Knowledge of the Company, any other party to any Material Contract is in material default under or in material violation of (or is alleged to be in material default under or in material violation of), or has provided or received any notice of any intention to terminate, any Material Contract, (ii) to the Knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute such a material default or material violation or would cause or permit the acceleration, termination or other changes to any material right or material obligation, or the loss of any material benefit, thereunder, (iii) the Company has not released any of its rights under any Material Contract, (iv) the Company has not repudiated any of the terms thereof or, to

the Knowledge of the Company, threatened to terminate, cancel or not renew any Material Contract and (v) there are no disputes pending or, to the Knowledge of the Company, threatened, and, to the Knowledge of the Company, there have been no disputes threatened since January 1, 2012, under any Material Contract.

4.17 ABSENCE OF CERTAIN CHANGES OR EVENTS

Except as set forth in Schedule 4.17 and as otherwise expressly permitted hereunder, since January 1, 2012 there has not been a Material Adverse Effect and the Company has conducted its business in the Ordinary Course of Business, and there has not been any:

(a) (i) change in the Company's authorized or issued capital stock; (ii) grant of any stock option or right to purchase shares of capital stock of the Company; (iii) issuance of any security convertible into such capital stock; (iv) grant of any registration rights; (v) purchase, redemption, retirement or other acquisition by the Company of any shares of any such capital stock; or (vi) declaration or payment of any dividend or other distribution or payment in respect of shares of capital stock or any security convertible into such capital stock;

(b) amendment to the Organizational Documents of the Company, other than the termination of the Close Corporation Agreement pursuant to the terms of this Agreement;

(c) (i) payment or increase by the Company of any bonuses, salaries or other compensation to any shareholder, officer or employee or other Person other than in the Ordinary Course of Business; (ii) adoption of, or increase in the payments to or benefits under, any Company Plans other than in the Ordinary Course of Business; or (iii) entry into or termination of any Contract (or other employment relationship not by Contract, including any loan or other transaction) related to the employment of any employee (except in the Ordinary Course of Business) or former employee or any collective bargaining agreement covering any employee or former employee of the Company;

(d) (i) making of a new Tax election or change in any Tax election, (ii) amendment of any Tax Return, (iii) settlement of any Tax audit, (iv) change of any Tax accounting method or practice or (v) entry into any Contract with respect to Taxes;

(e) damage to or destruction or loss of any material asset or property of the Company, whether or not covered by insurance;

(f) entry into, termination of or receipt of notice of termination of: (i) any license, distributorship, dealer, sales representative, joint venture, credit or similar Contract (other than in the Ordinary Course of Business); or (ii) any Material Contract;

(g)sale, lease or other disposition of any material asset or property of the Company (other than in the Ordinary Course of Business) or mortgage, pledge or imposition of any lien or other Encumbrance on any material asset or property of the Company;

(h) cancellation or waiver of any claim or right with a value to the Company in excess of $100,000;

(i) sale, assignment, transfer (including, without limitation, transfers to any Employees, shareholders, members or Affiliates), license or other subjection to any Encumbrance of any material tangible or intangible assets or properties, other than sales of Inventory in the Ordinary Course of Business;

(j) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filed (or consented to the filing of) a petition in bankruptcy under any provisions of federal or state bankruptcy Law; or

(k) Contract or any other act by the Company to do any of the foregoing.

4.18 REAL PROPERTY

The Company does not own any real property. Schedule 4.18 set forth a complete list of all leases of real property by the Company (collectively, the "*Real Property Leases*"). The Company has delivered or made available to Buyer true and complete copies of the Real Property Leases. Each of the Real Property Leases is legal, valid, binding, enforceable and in full force and effect and the Company has paid all rent and other charges when due under the Real Property Leases and there is not now pending nor, to the Knowledge of the Company, contemplated any reassessment of any parcel included in the Real Property Leases that could result in additional rent or other additional sums and charges payable by the Company under any of the Real Property Leases. The Company has not subleased, assigned or otherwise granted to any Person the right to use or occupy such Facilities or any portion thereof, nor has the Company pledged, mortgaged or otherwise granted an Encumbrance on its leasehold interest in any Facility. With respect to the Operating Facilities, there have been no material interruptions due to recurring loss of electrical power, flooding, limitations to access to public sewer and water or restrictions on septic service in connection with the operation of the Business. The Facilities are sufficient for the continued conduct of the Business after the Closing in materially the same manner as conducted prior to the Closing and constitutes all of the real property necessary to conduct the Business as currently conducted. All material building permits, certificates of occupancy, business licenses, and, without limitation, all other Governmental Authorizations required in connection with the use or occupancy of the Operating Facilities have been obtained, are in effect and in good standing and the use of the Operating Facilities conforms in all material respects to each applicable Governmental Authorization required to be issued in connection with the Operating Facilities. The Company has not received any written notice of and there are no (i) material violations of building codes and/or zoning ordinances or other governmental or regulatory laws affecting the Operating Facilities, (ii) existing, pending or, to the Knowledge and the Company, threatened condemnation proceedings affecting the Operating Facilities, or (iii) existing, pending, or to the Knowledge of the Company, threatened zoning, building code or other moratorium proceedings, or similar material matters with respect to the Operating Facilities.

4.19 INTELLECTUAL PROPERTY

(a) The term "*Intellectual Property Assets*" means:

(i) the name of the Company, all fictitious business names, trade names, registered and unregistered trademarks and service marks used or held for use by the Company (collectively, "*Marks*");

(ii) the patents owned, used or held for use by the Company, the domestic and foreign pending applications for registration by the Company and, the content of the claims within the applications that may be submitted therefor (collectively, the "*Patents*");

(iii) the registered and unregistered copyrights owned, used or held for use by the Company (collectively, the "*Copyrights*"); and

(iv) all Internet domain names registered, used or held for use by the Company in the Ordinary Course of the Business (collectively, "*Domain Names*").

(b) Intellectual Property Assets.

(i) *Marks*. Schedule 4.19(b)(i) contains a true, complete and accurate list of all domestic and foreign Marks.

(ii) *Patents.* Schedule 4.19(b)(ii) contains a true, complete and accurate list of all domestic and foreign Patents.

(iii) *Domain Names.* Schedule 4.19(b)(iii) true, contains a complete and accurate list of all domestic and foreign Domain Names.

(iv) *Copyrights*. Schedule 4.19(b)(iv) contains a true, complete and accurate list of all Copyrights.

(c) All of the Company's material licenses for Intellectual Property Assets (other than "shrink-wrap," "click-wrap" and other off-the-shelf software licenses) are set forth on Schedule 4.19(c). The Company has provided or made available to Buyer true, complete and accurate copies of such Contracts. Each such Contract constitutes a valid, binding and enforceable obligation of the Company and the other parties thereto, except as may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors and/or general equitable principles. The Company and, to the Knowledge of the Company, the other parties thereto are in material compliance with the terms of such Contracts. To the Knowledge of the Company, no Person is infringing upon or misappropriating any material Intellectual Property Assets owned by the Company. Neither the Company nor any of the Intellectual Property Assets is infringing or misappropriating any intellectual property rights of any Person.

(d) Except for the Contracts providing for the licenses set forth on Schedule 4.19(c), the Company owns exclusively all right, title and interest in and to the Intellectual Property Assets, free and clear of Encumbrances (such owned Intellectual Property Assets, the "*Owned Intellectual Property*"). All required filings and fees related to the Owned Intellectual Property have been timely filed with and paid to the relevant

Governmental Body and authorized registrars and all registrations for the Owned Intellectual Property are otherwise in good standing.

(e) Schedule 4.19(e) identifies the material information systems (including operating systems, software, applications and databases) related to, used by, necessary for the conduct of or held for use in connection with the Business (the "*Information Systems*"). The Information Systems are operational and perform the functions for which they were intended.

4.20 VENDORS AND CUSTOMERS

(a) Schedule 4.20(a) sets forth a true and complete list of:

(i) the ten (10) largest vendors of the Company on the basis of cost of goods or services purchased during the year ending December 31, 2011 and the 9-month period ending September 30, 2012 (collectively, the "*Major Vendors*"); and

(ii) the ten (10) largest customers based upon revenue for the year ending December 31, 2011 and the 9-month period ending September 30, 2012 (collectively, the "*Major Customers*").

(b) Except as set forth on Schedule 4.20(b),

(i) all Major Vendors and all Major Customers continue to be vendors or customers, as the case may be, of the Company, and none of such Major Vendors or Major Customers has materially reduced, nor, to the Knowledge of the Company, is there any reason to believe that any Major Vendor or Major Customer, as the case may be, will materially reduce, its business with the Company from the levels achieved during the year ended December 31, 2011,

(ii) no Major Vendor or Major Customer has terminated its relationship with the Company, nor has the Company nor either Selling Shareholder received any notice nor has reason to believe that any Major Vendor or Major Customer intends to do so, and

(iii) neither the Company nor either Selling Shareholder, nor any of their respective Affiliates, is involved in any claim, dispute or controversy with any Major Vendor or any Major Customer involving an amount in excess of $25,000 individually or $100,000 in the aggregate.

4.21 NO BROKERS OR FINDERS

Neither the Company nor any of its Representatives has incurred any Liability for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement or any Ancillary Agreement based upon arrangements made by or on behalf of the Company, Selling Shareholders or any of their respective Affiliates.

4.22 RELATED PARTY TRANSACTIONS

Except as set forth on Schedule 4.22, no Related Party or, to the Knowledge of the Company or either Selling Shareholder, any Family Member of any such Related Party,

(a) is currently a party to any Contract, commitment or transaction with the Company that is in effect as of the Closing Date (the "*Related Party Agreements*") or

(b) has (or has had during the past three (3) years) any interest in any property used by the Company. As of the Closing Date, all of the Related Party Agreements (except those marked with an asterisk set forth on Schedule 4.22) shall be properly terminated, and the Company shall have no Liability thereunder.

4.23 BANK ACCOUNTS

Schedule 4.23 sets forth a true and complete list of

(a) the name and address of each bank with which the Company has an account or safe deposit box,

(b) the name of each Person authorized to draw thereon or have access thereto and

(c) the account number for each bank account of the Company.

4.24 INSURANCE

(a) Schedule 4.24 sets forth a true and complete list of all insurance policies to which the Company is a party, named insured or otherwise the beneficiary of coverage, or under which the Company or any director or officer of the Company is or has been a party, an insured or otherwise the beneficiary of coverage. A true and complete copy of each such policy has been delivered or made available to Buyer. With respect to each such policy:

(i) such policy is valid and enforceable and in full force and effect,

(ii) the Company has paid all premiums due and has otherwise performed all of its obligations under such policy,

(iii) there is no breach or default by the Company, and to the Knowledge of the Company, no event has occurred that, with notice or the lapse of time, would constitute a breach or default or permit termination, modification or acceleration under the policy and the execution of this Agreement or the Ancillary Agreements and

(iv) no party to the policy has repudiated any provision thereof. No notice of cancellation or termination or non-renewal has been received by the Company with respect to any such policy.

(b) During the last three (3) years, the Company has not been refused any insurance with respect to its business or its assets, nor has coverage been limited by any insurance carrier to which the Company has applied for insurance or with which the

Company has carried insurance. To the Knowledge of the Company, no event relating to the Company has occurred that could reasonably be expected to result in a retroactive upward adjustment in premiums under any of the insurance policies set forth on Schedule 4.24. The Company has no self-insured or co-insurance programs.

4.25 PRODUCT LIABILITY

(a) During the last three (3) years, none of the products sold by the Company has been the subject of any replacement or recall campaign by the Company, and no such campaign is currently being conducted by the Company or is required to be conducted by any Governmental Body. In connection with the conduct of the Business during the past three (3) years, except as set forth on Schedule 4.25, no claims alleging bodily injury or property damage as a result of any defect in the design, manufacture or servicing of any product, or the breach of any duty to warn, test, inspect or instruct of dangers therein, have been received by the Company or, to the Knowledge of the Company, have been threatened against the Company.

(b) Except for warranties

(i) implied or imposed by applicable Law,

(ii) contained in the Company's standard terms and conditions of sale (a true, accurate and complete copy of which has been made available to Buyer),

(iii) expressly provided in a Material Contract, or

(iv) offered in connection with the sale of a product by the Company in the Ordinary Course of Business that is on the same terms provided to the Company by the original manufacturer of such product, the Company has not given a warranty in respect of products or services supplied, manufactured, sold, leased or delivered by it in connection with the conduct of the Business.

4.26 DISCLAIMER OF OTHER REPRESENTATIONS AND WARRANTIES

(a) The representations and warranties by the Company, Selling Shareholders and the Trusts expressly and specifically set forth in Article 4 and Article 5 and the Schedules constitute the sole and exclusive representations, warranties and statements of any kind of the Company, Selling Shareholders or the Trusts to Buyer in connection with the Transactions. BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND SELLING SHAREHOLDERS SET FORTH IN THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO, NONE OF SELLING SHAREHOLDERS, THE COMPANY OR ANY OTHER PERSON (INCLUDING, ANY AFFILIATE, MANAGER, OFFICER, EMPLOYEE, SHAREHOLDER, AGENT OR REPRESENTATIVE OF ANY OF THE FOREGOING, WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND BUYER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING ANY OF

SELLING SHAREHOLDERS, THE COMPANY, THE BUSINESS OF THE COMPANY, THIS AGREEMENT OR THE TRANSACTIONS.

(b) In connection with the investigation by Buyer of the Company and the Business, Buyer has received from the Company or Selling Shareholders projections, forward-looking statements and other forecasts and business plan information. Buyer acknowledges that there are uncertainties inherent in attempting to make estimates, projections and other forecasts and plans, that it is familiar with such uncertainties and that it shall have no claim against any Person with respect thereto, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity or otherwise. Neither the Company, the Selling Shareholders or the Trusts makes any representations or warranties regarding the probable success or future profitability of the Company or the Business.

5. REPRESENTATIONS AND WARRANTIES OF SELLING SHAREHOLDERS AND THE TRUSTS

Each Selling Shareholder and each of the Trusts represents and warrants to Buyer as follows:

5.1 AUTHORITY

Each Selling Shareholder and each of the Trusts has the right, power, authority and capacity to execute and deliver this Agreement and to perform their respective obligations hereunder. Upon execution and delivery by all parties hereto, this Agreement will constitute his, her or its, as applicable, legal, valid and binding obligation, enforceable against each Selling Shareholder and each of the Trusts in accordance with its terms.

5.2 NO CONFLICT

Except as set forth on Schedule 5.2, neither the execution and delivery by Selling Shareholders or the Trusts of this Agreement nor the consummation or performance by any of them of any of the Transactions to which they are a party will, directly or indirectly (with or without notice or lapse of time), result in the creation or imposition of any Encumbrance on the Shares or give any Person the right to prevent, delay or otherwise interfere with any of the Transactions to which they are a party pursuant to:

(a) any Law or Order to which he, she or it, as applicable, or any of the Shares owned by their respective Trust, is subject; or

(b) any Contract to which he, she or it is a party or by which he, she or it, or any of the Shares owned by their respective Trust, may be bound.

5.3 CONSENTS

Except as set forth on Schedule 5.3, none of the Selling Shareholders or the Trusts is or will be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or any Ancillary Agreement to which they are a party or the consummation or performance by them of any of the Transactions to which they are a party.

5.4 CERTAIN PROCEEDINGS

There is no pending or, to the Knowledge either Selling Shareholder, threatened Proceeding against or affecting him or her or their respective Trust that may have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Transactions to which they or their respective Trusts is a party or from otherwise complying with the terms of this Agreement.

5.5 TITLE TO SHARES

The Trusts are the legal and beneficial owner of, and each Trust has good and valid title to, all of the Shares owned by such Trust, as set forth on Schedule 4.5(a), in each case free and clear of all Encumbrances.

5.6 NO BROKERS OR FINDERS

None of the Selling Shareholders or the Trusts has incurred any Liability for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement or any Ancillary Agreement.

5.7 DISCLAIMER OF OTHER REPRESENTATIONS AND WARRANTIES

(a) The representations and warranties by Selling Shareholders and the Trusts expressly and specifically set forth in Article 4 and Article 5 and the Schedules constitute the sole and exclusive representations, warranties and statements of any kind of the Selling Shareholders or the Trusts to Buyer in connection with the Transactions. BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY, SELLING SHAREHOLDERS AND THE TRUSTS SET FORTH IN THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO, NONE OF SELLING SHAREHOLDERS, THE COMPANY, THE TRUSTS OR ANY OTHER PERSON (INCLUDING, ANY AFFILIATE, MANAGER, OFFICER, EMPLOYEE, SHAREHOLDER, AGENT OR REPRESENTATIVE OF ANY OF THE FOREGOING, WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND BUYER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING ANY OF SELLING SHAREHOLDERS, THE COMPANY, THE TRUSTS, THE BUSINESS OF THE COMPANY, THIS AGREEMENT OR THE TRANSACTIONS.

(b) In connection with the investigation by Buyer of the Company and the Business, Buyer has received from the Company or Selling Shareholders projections, forward-looking statements and other forecasts and business plan information. Buyer acknowledges that there are uncertainties inherent in attempting to make estimates, projections and other forecasts and plans, that it is familiar with such uncertainties and that it shall have no claim against any Person with respect thereto, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in

contract or tort, or whether at law or in equity or otherwise. Neither the Company, the Selling Shareholders or the Trusts makes any representations or warranties regarding the probable success or future profitability of the Company or the Business.

6. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Selling Shareholders as follows:

6.1 ORGANIZATION AND GOOD STANDING

Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Ohio.

6.2 AUTHORITY

Buyer has all corporate right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder. Buyer has duly executed and delivered this Agreement. Upon execution and delivery by all parties hereto, this Agreement will constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors and/or general equitable principles.

6.3 NO CONFLICT

Neither the execution and delivery by Buyer of this Agreement nor the consummation or performance of any of the Transactions to which it is a party will, directly or indirectly (with or without notice or lapse of time), give any Person the right to prevent, delay or otherwise interfere with any of the Transactions pursuant to:

(a) any provision of Buyer's Organizational Documents;

(b) any resolution adopted by the board of directors of Buyer;

(c) any Law or Order to which Buyer may be subject; or

(d) any Contract to which Buyer is a party or by which Buyer or any of its assets may be bound.

6.4 CONSENTS

Buyer is not and will not be required to give notice to or obtain any Consent from any Person or Governmental Body in connection with the execution and delivery by Buyer of this Agreement or the consummation or performance by Buyer of any of the Transactions to which it is a party.

6.5 INVESTMENT INTENT

Buyer is acquiring the Shares for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act.

6.6 CERTAIN PROCEEDINGS

There is no pending or, to the Knowledge of Buyer, threatened Proceeding against or affecting Buyer or any of its assets that may reasonably be expected to have the effect of preventing, delaying, making illegal or otherwise interfering with any of the Transactions.

6.7 NO BROKERS OR FINDERS

Neither Buyer nor any of its Representatives has incurred any Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement or any Ancillary Agreement.

6.8 SERVICE CREDIT UNDER BUYER 401(K) PLAN

Buyer sponsors an Employee Pension Benefit Plan that is qualified under Section 401(a) of the Code with a qualified cash-or-deferred arrangement under Section 401(k) of the Code (the "*Buyer 401(k) Plan*"). The only period of employment or service required under the Buyer 401(k) Plan is for purposes of becoming eligible to participate in the Buyer 401(k) Plan.

6.9 DISCLAIMER OF OTHER REPRESENTATIONS AND WARRANTIES

(a) The representations and warranties by Buyer expressly and specifically set forth in Article 6 and the Schedules constitute the sole and exclusive representations, warranties and statements of any kind of Buyer to the Selling Shareholders or the Trusts in connection with the Transactions. THE SELLING SHAREHOLDERS AND THE TRUSTS SPECIFICALLY ACKNOWLEDGE AND AGREE THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF BUYER SET FORTH IN THIS AGREEMENT, NEITHER BUYER NOR ANY OTHER PERSON (INCLUDING, ANY AFFILIATE, DIRECTOR, OFFICER, EMPLOYEE, SHAREHOLDER, AGENT OR REPRESENTATIVE OF BUYER, WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND NEITHER SELLING SHAREHOLDERS NOR THE TRUSTS ARE RELYING ON, ANY REPRESENTATIONS, WARRANTIES OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING ANY OF BUYER, THE COMPANY, THE BUSINESS OF THE COMPANY, THIS AGREEMENT OR THE TRANSACTIONS.

(b) In connection with the Transactions, Selling Shareholders and the Trusts may have received from Buyer or its Representatives forward-looking statements and other forecasts and business plan information. Selling Shareholders and the Trusts acknowledged that there are uncertainties inherent in attempting to make forecasts and plans, that they are familiar with such uncertainties and that they shall have no claim against any Person with respect thereto, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity or otherwise. Buyer makes no representations or warranties regarding the probably success or future profitability of the Company or the Business.

7. CERTAIN COVENANTS

7.1 IMMATERIAL CONSENTS

Buyer acknowledges that

(a) the Consents to the Transactions set forth on Schedule 7.1 (collectively, the "*Immaterial Consents*") are not required for the consummation of the Transactions and

(b) none of the Company, the Trusts or Selling Shareholders shall have any liability whatsoever to Buyer (and that Buyer shall not be entitled to assert any claims) to the extent arising out of or relating to the failure to obtain any such Immaterial Consents or because of the violation, breach, default, acceleration, termination or cancellation of any Contract or Permit as a result thereof. Buyer further agrees that no representation, warranty or covenant of the Company, the Trusts or Selling Shareholders contained herein shall be breached or deemed breached solely as a result of the failure to obtain any such Immaterial Consent or solely as a result of any such violation, breach, default, acceleration, termination or cancellation or any claim, action, suit, proceeding or investigation commenced or threatened by or on behalf of any Person arising out of or relating to the failure to obtain any such Immaterial Consent or any such violation, breach, default, acceleration, termination or cancellation.

7.2 CERTAIN D&O MATTERS

(a) Each of Buyer and the Company agrees that all rights of the individuals who on or prior to the Closing Date were shareholders, officers or employees of the Company (collectively, the "*Indemnitees*") to indemnification (including the advancement of fees and expenses) and exculpation from liabilities for acts or omissions occurring prior to the Closing Date as provided in the respective Organizational Documents of the Company as in effect on the Effective Date, or as required by any Law, shall survive the Closing and shall continue in full force and effect in accordance with their terms. Such rights shall not be amended, or otherwise modified in any manner that would adversely affect the rights of the Indemnitees, unless such modification is required by any Law.

(b) The provisions of this Section 7.2:

(i) are intended to be for the benefit of, and shall be enforceable by, each Indemnitee, his or her heirs and his or her representatives; and

(ii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such person may have by Contract or otherwise. The obligations of the Company and Buyer under this Section 7.2 shall not be terminated or modified in such a manner as to adversely affect any Indemnitee to whom this Section 7.2 applies without the consent of the affected Indemnitee (it being expressly agreed that the Indemnitees to whom this Section 7.2 applies shall be third party beneficiaries of this Section 7.2).

8. OTHER COVENANTS AND AGREEMENTS

8.1 TAX MATTERS

(a) Tax Indemnification. Selling Shareholders shall jointly and severally indemnify, defend, save and hold harmless Buyer from any Damages attributable to

(i) all Taxes (including any Taxes under Section 1374 of the Code, or similar provisions of state or local Law and any Taxes under Section 409A of the Code) (or the nonpayment thereof) of the Company for the Pre-Closing Tax Period;

(ii) all Taxes payable by Selling Shareholders arising from the joint 338(h)(10) Election;

(iii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company (or any predecessor or current or former Affiliate of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 (or any analogous provision of state, local or foreign Tax Law),

(iv) any and all Taxes of any Person (other than the Company) imposed on the Company as a transferee or successor, by contract or pursuant to any Law, which Taxes relate to an event or transaction occurring on or before the Closing, and

(v) any and all Straddle Tax Period Taxes allocable to Company for the Pre-Closing Tax Period to the extent any such Taxes have not already been paid in full, accrued on the Financial Statements or otherwise reflected in the calculation of Estimated Net Working Capital.

(b) Straddle Tax Period. In the case of any Straddle Tax Period, the amount of any Taxes based on or measured by income or receipts of the Company for the Pre-Closing Tax Period shall be determined

(i) in accordance with the joint 338(h)(10) Election, or

(ii) based on an interim closing of the books as of the close of business on the Closing Date and the amount of other Taxes of the Company for a Straddle Tax Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the taxable period ending on (and including) the Closing Date and the denominator of which is the number of days in such Straddle Tax Period.

(c) Responsibility for Filing Tax Returns.

(i) Selling Shareholders, at their expense, shall prepare or cause to be prepared and file or cause to be filed, the state and federal income Tax Returns of

the Company for the taxable periods ending on or before the Closing Date. To the extent permitted by Law, each such Tax Return shall be prepared on a basis consistent with the prior Tax Returns of the Company. Selling Shareholders shall include any income, gain, loss, deduction or other tax items (including income or gain arising from the 338(h)(10) Election) for such periods on their Tax Returns in a manner consistent with the Schedule K-1s furnished by the Company to Selling Shareholders for such periods. Selling Shareholders shall provide a copy of any Tax Returns they prepare (or cause to be prepared) to Buyer at least forty-five (45) days before such Tax Returns are due, taking into consideration extensions of time to file, for the review and approval by Buyer, which review and approval shall not be unreasonably withheld, conditioned or delayed. Subject to Section 8.1(c)(iii) below, Selling Shareholders and Buyer shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing.

(ii) Buyer, at its expense, shall prepare all Tax Returns of the Company, other than those referred to in Section 8.1(c)(i), for any taxable period that begins on or before the Closing Date and ends after the Closing Date. To the extent permitted by Law, each such Tax Return shall be prepared on a basis consistent with the prior Tax Returns of the Company. Buyer shall provide a copy of any Tax Returns it prepares (or causes to be prepared) to Selling Shareholders at least forty-five (45) days before such Tax Returns are due, taking into consideration extensions of time to file, for the review and approval by Selling Shareholders, which review and approval shall not be unreasonably withheld, conditioned or delayed. Subject to Section 8.1(c)(iii) below, Buyer and Selling Shareholders shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing.

(iii) In the event that Selling Shareholders and Buyer are unable to resolve any dispute with respect to Tax Returns described in Section 8.1(c)(i) or Section 8.1(c)(ii) at least twenty (20) days prior to the due date for filing, such dispute shall be resolved by the Independent Accounting Firm (A) using procedures similar to those described in Section 2.5(d), which resolution shall be binding on the parties, and (B) in sufficient time to file such Tax Returns by the due date for filing.

(d) Cooperation on Tax Matters.

(i) Buyer and Selling Shareholders shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Section 8.1 and any audit, litigation or other proceeding with respect to Taxes relating to a period of time prior to the Closing Date. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis, at a reasonable cost to requesting party, to provide additional information and explanation of any material provided hereunder. The Company agrees to

(A) retain all books and records with respect to Tax matters pertinent to the Company relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and

(B) give the other party reasonable written notice prior to destroying or discarding any such books and records and, if the other party so requests, shall allow the other party to take possession of such books and records.

(ii) Buyer, the Company and Selling Shareholders further agree, upon request, to use their best efforts to obtain any certificate or other document from any Governmental Body or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the Transactions contemplated hereby).

(e) Certain Tax Information. Buyer and Selling Shareholders agree, upon request, to promptly provide the other party with all information that either Party may be required to report pursuant to Section 6043 or Section 6043A of the Code, or Treasury Regulations promulgated thereunder.

(f) Tax Sharing Agreements. All tax-sharing agreements or similar agreements with respect to or involving the Company shall be terminated as of the Closing Date and, after the Closing Date, the Company shall not be bound thereby or have any Liability thereunder.

(g) Certain Taxes and Fees. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the Transactions, if any, shall be borne fifty percent (50%) by Selling Shareholders and fifty percent (50%) by Buyer.

(h) S Corporation Status. Selling Shareholders have not taken any action on or prior to the Closing that would cause the Company to no longer be treated as an S corporation for federal, state and local Tax purposes.

(i) Payments in Respect of Phantom Shares and Severance. Notwithstanding any other provision of this Agreement, to the extent provided by Law, the Company for the period on and before the Closing Date shall be entitled to any and all Tax deductions on its final S-corporation return for the period ending on the Closing Date made in respect of

(A) the Company's payments of all amounts payable under the Phantom Share Agreements and the Phantom Share Surrender Agreements and

(B) any severance amounts for former employees accrued as a liability reflected in the calculation of Estimated Net Working Capital.

8.2 EMPLOYMENT AND EMPLOYEE BENEFITS

(a) Buyer shall cause the Company, for a period of not less than one hundred eighty (180) days after the Closing Date,

(i) to continue the employment of all or substantially all of the persons actively employed by the Company as of the Closing Date (collectively, the "*Continuing Employees*") with wages and salary consistent with the wages and salary provided by the Company on the Effective Date and

(ii) not to effectuate any "plant closing" or "mass layoff" with respect to "affected employees" of any Company or its "business enterprises," as each such term is defined in the WARN Act. Notwithstanding the foregoing, Buyer may terminate any Continuing Employee's employment at any time during such one hundred eighty (180) day period for Cause.

(b) From the Closing Date until December 31, 2012, Buyer will use Reasonable Best Efforts to maintain the Company Plans (other than any Company 401(k) Plan, which will be terminated no later than the day prior to the Closing Date in accordance with the terms of this Agreement). In the event Buyer terminates any Company Plan (other than the Company 401(k) Plan) prior to December 31, 2013, Buyer will cause the Buyer Plan in which Continuing Employees are eligible to participate to waive all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation in and the coverage requirements applicable to the Continuing Employees and their covered dependents under such Buyer Plan (except to the extent that such conditions, exclusions or waiting periods would apply under such Company Plan). In connection with the Continuing Employees' participation in any employee benefit plan, program or arrangement maintained by Buyer or any of its Affiliates providing compensation for vacation, sick time and other paid time off, Buyer shall cause the Continuing Employees to receive credit for all periods of employment or service with the Company (including service with predecessor employers, where such credit was provided by the Company) prior to January 1, 2013 for purposes of determining the levels of vacation time, sick time and other paid time off up to the limits for which service credit may be given under the terms of the applicable employee benefit plan, program or arrangement in which such Continuing Employees participate, to the extent such credit does not result in a duplication of benefits. Buyer shall also: (x) cause the Company to provide the vacation time and sick leave benefits due and accrued to the Continuing Employees as of the Closing Date; and (y) assume any Liability for workers compensation or other claims by Continuing Employees relating to employment by the Company. Notwithstanding the foregoing provisions, in no event shall Continuing Employees receive credit for any period of employment or service with the Company (including service with any predecessor employer) under any Employee Pension Benefit Plan maintained by Buyer or any of its Affiliates.

(c) Buyer shall cause the Company to remain solely responsible for all Liabilities in connection with claims made by or on behalf of Continuing Employees in respect of any severance, bonus, or other employee or executive incentive program, agreement or commitment that provides benefits or compensation to, or for the benefit of, any Continuing Employee, including bonuses and other severance benefits, in the case of

each of the foregoing, in each case solely to the extent expressly set forth on Schedule 8.2(c).

(d) The Company and Buyer agree, and specify in accordance with §1.409A-1(h)(4) of the U.S. Treasury Regulations, that none of the individuals who were party to a Phantom Share Award Agreement prior to the Closing Date shall be treated as having experienced a separation from service for purposes of §1.409A-1(h) of the U.S. Treasury Regulations.

(e) Prior to the Closing Date, Selling Shareholders shall, and shall cause the Company to, take all actions necessary to terminate each Employee Pension Benefit Plan of the Company, including any 401(k) Plan of the Company. The effective date of the termination of each such Employee Pension Benefit Plan shall be no later than the day prior to the Closing Date and shall be evidenced by delivery to Buyer of the resolutions and other documents contemplated by Section 3.2(a)(iii) of this Agreement. As soon as practicable following the Closing, the Company, at Selling Shareholders' expense (which expense will not exceed

(i) $25,000 for attorneys' fee without the prior written consent of Selling Shareholders (which consent will not be unreasonably withheld) and

(ii) a maximum of $50,000 for attorneys' fees), will prepare and file with the IRS an Application for Determination for Terminating Plan on Form 5310 and, if necessary in the reasonable opinion of Buyer's counsel, a submission to the IRS under the Voluntary Correction with the Internal Revenue Service Approval Program of the Employee Plan Compliance Resolution System with respect to any 401(k) Plan of the Company, and prepare and file all other information required to be submitted in connection therewith, in accordance with applicable IRS requirements, including requirements concerning Notices to Interested Parties. The Company will provide Selling Shareholders with a reasonable opportunity to review the filings before making such filings. The Company will cause proper administration of such 401(k) Plan or Plans, as the case may be, to continue during the pendency of the IRS determination request, and will take all such other actions as may be reasonably necessary to obtain a favorable determination letter from the IRS. Upon receipt of a favorable determination letter, the Company will oversee termination distributions from such 401(k) Plan or Plans, as the case may be, in accordance with the terms of such 401(k) Plan or Plans, as the case may be. Selling Shareholders will provide such cooperation and assistance to Buyer as Buyer may reasonably request with respect to foregoing matters. The Company will perform its obligations pursuant to this Section 8.2(e) at Selling Shareholders' sole cost and expense, subject to the limitations on attorney's fees set forth in this Section 8.2(e).

(f) After the Company has received a favorable determination letter from the IRS on Form 5310 filed in accordance with Section 8.2(e) above, Buyer will cause the Buyer 401(k) Plan to be amended to permit the Buyer 401(k) Plan to accept the rollover of an asset consisting of a loan to a participant in any 401(k) Plan of the Company, but only if such participant is a Continuing Employee and the loan is not the only asset rolled over to the Buyer 401(k) Plan by such Continuing Employee.

8.3 SECTION 338(H)(10) ELECTION

Selling Shareholders shall join with Buyer in making an election under Section 338(h)(10) of the Code (and any corresponding election under state, local, and foreign Tax Law) with respect to the purchase and sale of the Shares hereunder (collectively, the "*338(h)(10) Election*"). In furtherance of the preceding sentence, Selling Shareholders shall execute and deliver to Buyer such documents or forms as Buyer shall reasonably request or as are required by applicable Law to effect the 338(h)(10) Election. Selling Shareholders shall include any income, gain, loss, deduction, or other Tax item resulting from the 338(h)(10) Election on their Tax Returns to the extent required by applicable Law, and shall take no position inconsistent with treating the purchase by Buyer of the Shares as a transaction to which Section 338(h)(10) applies. The consideration paid for the Shares hereunder and the Liabilities (to the extent included in amount realized for federal Income Tax purposes) of the Company shall be allocated among the assets of the Company in accordance with their fair market values determined using the methodology set forth on Schedule 8.3 (the "*Allocation Schedule*") and Section 338 of the Code. Buyer, Selling Shareholders and each of their Affiliates shall file all Tax Returns in a manner consistent with such Allocation Schedule, and none of the parties will voluntarily take any position inconsistent with the Allocation Schedule in any inquiry, assessment, Proceeding or other similar event relating to Taxes.

8.4 NON-COMPETITION; NON-SOLICITATION

(a) For a period of five (5) years commencing on the Closing Date (the "*Restricted Period*"), each Selling Shareholder will not, directly or indirectly:

(i) enter into, be employed by, engage in, consult, manage or otherwise participate in the operation of any business which competes with any aspect of the Business (as conducted by Buyer or the Company) within the Restricted Territory;

(ii) solicit customers, business, patronage or orders for, or sell, any products or services in competition with, or for any business that competes with any aspect of the Business (as conducted by Buyer or the Company) within the Restricted Territory;

(iii) divert, entice or otherwise take away any customers, business, patronage or orders of Buyer or the Company, or attempt to do so; or

(iv) promote or assist, financially or otherwise, any person engaged in any business that competes with any aspect of the Business (as conducted by Buyer or the Company) within the Restricted Territory. Nothing contained in this Section 8.4 will prohibit any of the Selling Shareholders or their Affiliates from acquiring or holding at any one time a passive investment of less than five percent (5%), in the aggregate, of the outstanding shares of capital stock of any publicly traded corporation that may compete with Buyer or the Company within the Restricted Territory. For purposes of this Section 8.4, Buyer and the Company will also include any Affiliate of Buyer or the Company.

(b) Notwithstanding anything to the contrary contained herein, if Richard J. Schultz's employment with the Company or Buyer (or any Affiliate of Buyer) is terminated for any reason during the Restricted Period, Richard J. Schultz will be permitted to speak at

industry or education events during the Restricted Period so long as such speaking engagements do not otherwise violate this Section 8.4 or otherwise disparage the Buyer, the Company or their respective Affiliates, businesses or employees.

(c) Other than in connection with the performance of employment duties for the Company or Buyer (or any Affiliate of Buyer), each Selling Shareholder will not, directly or indirectly, at any time during the Restricted Period, solicit or induce or attempt to solicit or induce any employee, sales representative, agent or consultant of Buyer or the Company, or any of their respective Affiliates, to terminate their employment, representation or other association with Buyer or the Company, or their respective Affiliates, without obtaining written consent of Buyer prior to such solicitation or inducement.

(d) During the Restricted Period, each Selling Shareholder will keep in strict confidence, and will not, directly or indirectly, at any time,

(i) disclose, divulge or make accessible to any Person any confidential information, without the prior written consent of Buyer, unless and except to the extent that such disclosure is necessary in the performance of employment duties for Buyer or the Company or as required by any subpoena or other legal process, or

(ii) use any confidential information for such Person's own account, for the account of any other Person or to the detriment of Buyer or the Company, or their respective Affiliates, without the prior written consent of Buyer. Upon Buyer's request, such Selling Shareholder will deliver, or cause to be delivered, to Buyer all tangible embodiments relating to such confidential information that such Person possesses or has under his, her or its control.

(e) Each Selling Shareholder acknowledges that

(i) his or her obligations under this Section 8.4 are reasonable in the context of the nature of the Business and the competitive injuries likely to be sustained by Buyer and the Company if he or she were to violate such obligations,

(ii) the covenants in this Section 8.4 are adequately supported by consideration from Buyer for the benefit of the Business after the Closing Date and

(iii) the foregoing makes it necessary and reasonable for the protection of the Business that he or she not compete with Buyer and the Company for the Restricted Period contained herein. Accordingly, each Selling Shareholder acknowledges and agrees that the remedy at law available to Buyer and the Company for breach of such Selling Shareholder's obligations under this Section 8.4 would be inadequate; therefore, in addition to any other rights or remedies that Buyer may have at law or in equity, temporary and permanent injunctive relief may be granted in any Proceeding which may be brought to enforce any provision contained in this Section 8.4 without the necessity of proof of actual damage. If it is judicially determined that any Selling Shareholder has violated this Section 8.4, then the period applicable to each obligation that such Person has been determined to have violated will automatically be extended by a period of time equal in length to the period during which such violation or violations occurred.

(f) The obligations and restrictions set forth in this Section 8.4 are in addition to the provisions of any employment or other agreement of each Selling Shareholder that may be entered into from time to time and addresses the same or similar subject matter covered by this Section 8.4; provided, however, that the periods of such obligations and restrictions in all such agreements may run concurrently.

8.5 RELEASE

Effective as of the Closing, each of the Trusts and each Selling Shareholder, on behalf of himself or herself, his or her respective Representatives and Affiliates and their respective successors and assigns (each a "*Releasor*"), hereby releases, waives and forever discharges, to the fullest extent permitted by Law, the Company and its officers and employees (each, a "*Releasee*") of, from and against any and all rights, claims and causes of action which such Releasor ever had, now has or may have on or by reason of any matter, cause or thing whatsoever occurring prior to the Closing Date, except with respect to or in connection with

(a) matters which the Trusts or the Selling Shareholders are entitled to indemnification or advancement of expenses in accordance with this Agreement and as a matter of Law,

(b) obligations of the Company under this Agreement or any Ancillary Agreement or other document or instrument executed and delivered by each such Releasee pursuant to this Agreement and

(c) accrued but unpaid salary and benefits in the ordinary course of employment.

9. INDEMNIFICATION

9.1 SURVIVAL

The representations and warranties in this Agreement (including the Schedules) and related indemnification obligations shall survive the Closing and continue in full force and effect until the 18 month anniversary of the Closing Date and shall be of no further force and effect thereafter, except that: (a) the representations and warranties set forth in Sections 4.1 (Organization and Good Standing), 4.2 (Authority), 4.3(a) (No Conflict), 4.5 (Capitalization), 4.10 (Employee Benefits), 4.21 (No Brokers or Finders), 5.1 (Authority), 5.2 (No Conflict), 5.3 (Consents), 5.5 (Title to Shares), 5.6 (No Brokers or Finders), 6.1 (Organization and Good Standing), 6.2 (Authority), 6.3 (No Conflict), 6.4 (Consents) and 6.8 (No Brokers or Finders) shall survive the Closing indefinitely (the representations and warranties included in the foregoing subsection (a) are, collectively, the "*Fundamental Representations*"); (b) the representations and warranties set forth in 4.9 (Taxes) and 4.15 (Environmental Matters) shall survive the Closing for the applicable limitation period imposed by Law, as extended, plus a period of thirty (30) days, and (c) any pending claims for which a notice has been given in accordance with Section 9.6 prior to the expiration of the relevant survival period may continue to be asserted and indemnified against until finally resolved. All of the covenants and agreements of Selling Shareholders, the Trusts, the Company and Buyer shall survive after the Closing Date in accordance with their respective terms.

9.2 INDEMNIFICATION AND PAYMENT OF DAMAGES BY THE COMPANY, SELLING SHAREHOLDERS AND THE TRUSTS

(a) Subject to the limitations set forth in this Article 9, (x) prior to the Closing, the Company shall, and (y) after the Closing, Selling Shareholders and the Trusts shall, jointly and severally, indemnify and hold harmless Buyer and its Representatives and their respective Affiliates (including the Company after the Closing) (collectively, the "*Buyer Indemnified Persons*") from and against, and shall pay to Buyer Indemnified Persons the amount of, any loss, Liability, claim, damage or expense, including costs of reasonable attorneys' fees (collectively, "*Damages*"), based upon or arising out of, directly or indirectly, or in connection with:

(i) any breach of any of the representations and warranties made in Section 4;

(ii) any breach of the Company's covenants, agreements or obligations in this Agreement;

(iii) the Phantom Share Award Agreements or the Terminated Phantom Share Award Agreements; and

(iv) (A) any Funded Indebtedness of the Company that is not satisfied or paid in full in connection with the Closing (other than those obligations set forth on Schedule 3.1(a)(xii)) and (B) the termination or release of any Encumbrance (other than any Permitted Encumbrance) on any property or asset of the Company that is not terminated or released prior to or on the Closing Date.

(b) Subject to the limitations set forth in this Article 9, the Selling Shareholders and the Trusts shall, jointly and severally, indemnify and hold harmless the Buyer Indemnified Persons from and against, and shall pay to Buyer Indemnified Persons the amount of, any Damages based upon or arising out of, directly or indirectly, or in connection with:

(i) any breach of any of the representations and warranties made in Section 5; and

(ii) any breach of their respective covenants, agreements or obligations in this Agreement.

9.3 INDEMNIFICATION AND PAYMENT OF DAMAGES BY BUYER

Subject to the limitations set forth in Section 9, Buyer shall indemnify and hold harmless Selling Shareholders, the Trusts and their respective Representatives and Affiliates (which shall not include the Company after the Closing) (collectively, the "*Seller Indemnified Persons*"), and shall pay to the Seller Indemnified Persons the amount of, any Damages based upon or arising out of, directly or indirectly, or in connection with:

(a) any breach of any of the representations and warranties made in Section 6; and

(b) any breach of Buyer's covenants, agreements or obligations in this Agreement.

9.4 LIMITATIONS ON INDEMNIFICATION

(a) Notwithstanding anything in this Agreement to the contrary, no claim for indemnification under this Article 9 shall be made by any Buyer Indemnified Person, and Selling Shareholders and the Trusts shall have no Liability to pay any amount, for indemnification or otherwise, with respect to the matters described in Sections 9.2(a)(i) and 9.2(b)(i) (other than with respect to the Fundamental Representations or in respect of any breaches of Section 4.9 (Taxes), for which the following limitations will not apply) until the total of all Damages with respect to such matters exceeds $575,000 (the "*Basket*"), and then only for the amount by which such Damages exceed $380,000; provided, however, that in no event shall the total amount paid by Selling Shareholders or the Trusts with respect to the matters described in Sections 9.2(a)(i) and 9.2(b)(i) (other than with respect to the Fundamental Representations or in respect of any breaches of Section 4.9 (Taxes), for which the following limitations will not apply) exceed $7,600,000. For example purposes only, if the aggregate amount of all Damages (as finally determined in accordance with this Article 9) with respect to the matters described in Sections 9.2(a)(i) and 9.2(b)(i) (other than with respect to the Fundamental Representations or in respect of any breaches of Section 4.9 (Taxes), for which such limitation will not apply) is $600,000, then the Buyer Indemnified Persons shall be entitled to indemnification in an amount of $220,000 pursuant to this Article 9 (i.e., the difference between $600,000 and $380,000).

(b) Notwithstanding anything in this Agreement to the contrary, in no event shall the total of all Damages paid by Selling Shareholders and the Trusts with respect to the Fundamental Representations or breaches of Section 4.9 (Taxes) pursuant to Sections 9.2(a)(i) and 9.2(b)(i) exceed the Purchase Price.

(c) Notwithstanding anything in this Agreement to the contrary, but subject to the limitations set forth in Section 9.4(a), any Liability of Selling Shareholders or the Trusts to pay any amount, for indemnification or otherwise, to any Buyer Indemnified Person for any Damages arising from or in connection with the matters described in Section 9.2 shall be reduced by any amounts actually received by such Buyer Indemnified Person with respect to such Damages, or the underlying facts, under any insurance policies (less any reasonably documented collection costs and any premium increases directly related to the insurance claim made by the relevant Buyer Indemnified Person as evidenced by reasonable documentation provided by the applicable insurance carrier).

(d) Notwithstanding anything to the contrary in this Agreement, claims for indemnification based on allegations of fraud or intentional misrepresentation shall not be subject to the limitations set forth in this Section 9.4.

(e) The term "*Damages*" is not limited to matters asserted by third parties against a Buyer Indemnified Person or Seller Indemnified Person, but includes Damages incurred or sustained by the Indemnified Person in the absence of third party claims. The term "*Damages*" means actual damages and, solely with respect to matters asserted by third parties against an Indemnified Person, consequential, special, punitive or exemplary

damages. No Indemnified Person shall have any right to indemnification under this Article 9 with respect to consequential, special, punitive or exemplary Damages unless such Damages were incurred or sustained by third parties that seek to recover such Damages from such Indemnified Person.

9.5 PROCEDURE FOR INDEMNIFICATION—THIRD PARTY CLAIMS

(a) If any claim for indemnification pursuant to this Article 9 (each, a "*Third Party Claim*") is to be brought against any Person required to indemnify an Indemnified Person pursuant to this Article 9 (each, an "*Indemnifying Party*," and collectively, the "*Indemnifying Parties*"), then written notice thereof (a "*Claims Notice*") shall be given by either Selling Shareholder, in the case of and on behalf of a Seller Indemnified Person, or Buyer, in the case of and on behalf of a Buyer Indemnified Person, to the applicable Indemnifying Party as soon as is reasonably practicable after such Indemnified Person becomes aware of such Third Party Claim. A Claims Notice shall describe the Third Party Claim in reasonable detail, include copies of all material written evidence thereof and will indicate the estimated amount (to the extent reasonably practicable) of the Damages that have been, are being and may be sustained by such Indemnified Person. The delay in or failure of any Indemnified Person to give a timely Claims Notice with respect to a Third Party Claim hereunder to an Indemnifying Party shall not adversely affect any of the other rights or remedies of the Indemnified Person or alter or relieve the Indemnifying Party of its obligation to indemnify the Indemnified Person hereunder to the extent such delay or failure has not materially prejudiced the Indemnifying Party. Except as otherwise limited by this Section 9.5, after such notice, the Indemnifying Party shall be entitled to participate in, or by giving written notice to the Indemnified Person, to assume the defense of any Third Party Claim at the Indemnifying Party's sole expense and by the Indemnifying Party's own counsel, and the Indemnified Person will cooperate in good faith in such defense; provided, however, that if the Indemnifying Party is either Selling Shareholder or either Trust, such Indemnifying Party will not have the right to defend or direct the defense of a Third Party Claim:

(i) that relates to a Major Customer or Major Vendor and for which the relevant Indemnified Person has elected a joint defense pursuant to Section 9.5(d)),

(ii) that seeks an injunction or specific performance against the Indemnified Person;

(iii) if the Indemnifying Party, in the reasonable judgment of the Indemnified Person, does not have the financial resources, or may not otherwise be able, to satisfy the amount of such Third Party Claim; or

(iv) that may, or the Indemnifying Party's defense or direction of the defense thereof may, in the reasonable judgment of the Indemnified Person, result in a Material Adverse Effect (other than claims brought solely pursuant to clause (i) of this Section 9.5(a)), unless solely in the case of the foregoing clauses (ii) or (iv) the Indemnifying Party agrees in writing to be fully responsible, subject to the limitations set forth in this Article 9, for all Damages relating to such Third Party Claim.

(b) If the Indemnifying Party assumes the defense of any Third Party Claim, subject to this Article 9, the Indemnifying Party will have the right:

(i) to take control of the defense and investigation of such lawsuit or action;

(ii) to employ and engage attorneys of its own choice to handle and defend the same unless the named parties to such action or proceeding include both an Indemnifying Party and the Indemnified Person and the Indemnified Person has been advised in writing by counsel that there may be one or more legal defenses available to such Indemnified Person that are different from or additional to those available to the Indemnifying Party, in which event the Indemnified Person shall be entitled, at the Indemnifying Party's expense, to one separate counsel that is reasonably acceptable to the Indemnified Person; and

(iii) to compromise or settle such Third Party Claim, which compromise or settlement shall be made

(A) if the offer to settle such Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Person and provides for the express unconditional release of each Indemnified Person from all Liabilities in connection with such Third Party Claim and the Indemnifying Party desires to accept such offer, the Indemnifying Party will give written notice to that effect to the Indemnified Person and (x) if the Indemnified Person fails to consent to such offer within five (5) Business Days after its receipt of such notice, the Indemnified Person may assume the defense of such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim will not exceed the amount of such settlement offer or (y) if the Indemnified Person fails to consent to such offer and also fails to assume the defense of such Third Party Claim in writing within such five (5) Business Day period, the Indemnifying Party may also compromise or settle the Third Party Claim upon the terms set forth in such offer to settle such Third Party Claim and

(B) if the Indemnified Person has assumed the defense of such Third Party Claim pursuant to this Article 9, such Indemnified Person will not agree to any settlement without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed. The Indemnified Person shall cooperate in all reasonable respects with the Indemnifying Party and their attorneys in the investigation, trial and defense of such Third Party Claim and any appeal arising therefrom, including making available (subject to the Confidentiality Agreement and Section 8.5(c)) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement by the Indemnifying Party of any actual out-of-pocket expenses) to the Indemnifying Party, and management employees of the Indemnified Person as may be reasonably necessary for the preparation of the defense of such Third Party Claim. The parties shall cooperate with each other in any notifications to insurers. If the

Indemnifying Party assumes the defense of any Third Party Claim, subject to this Article 9, the Indemnifying Party will have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any Third Party Claim in the name and on behalf of the Indemnified Person; provided that the Indemnified Person will have the right to participate in the defense of any Third Party Claim with counsel selected by it, subject to the Indemnifying Party's right to control the defense thereof, and the fees and disbursements of such counsel will be at the expense of the Indemnified Person.

(c) If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to assume the defense of such Third Party Claim by providing written notice to the Indemnified Person thereof within fifteen (15) days after receipt of the Claims Notice, then such Indemnified Person may, subject to this Article 9, pay, compromise, defend such Third Party Claim and seek indemnification, subject to the limitations set forth in this Article 9, for any and all Damages based upon, arising from or relating to such Third Party Claim. If the Indemnified Person assumes the defense of the Proceeding, the Indemnified Person will keep the Indemnifying Parties reasonably informed of the progress of any such defense, compromise or settlement.

(d) If the Third Party Claim is filed by or on behalf of a Major Customer or Major Vendor, then the Indemnified Person may, upon a written notice to the Indemnifying Party, elect to have the defense of such Third Party Claim conducted as a joint defense and failing such election the defense of the Third Party Claim shall otherwise be conducted by the Indemnifying Party pursuant to Section 9.5(b). If the Indemnified Person elects to have a Third Party Claim conducted as a joint defense,

(i) the Indemnifying Party and the Indemnified Person shall retain one counsel selected by the Indemnified Person to act on their mutual behalf (the fees and expenses of which counsel shall be paid by the Indemnifying Party);

(ii) each of the Indemnified Person and the Indemnifying Party shall be involved in the analysis and defense of such Third Party Claim and all negotiations and discussions with respect thereto; and

(iii) any settlement of such Third Party Claim shall require the consent of both the Indemnified Person and the Indemnifying Party; provided that if the Indemnifying Party requests that the Indemnified Person consent to any settlement or compromise offer of such Third-Party Claim that is acceptable to the Person that brought the Third Party Claim (and such settlement or compromise offer expressly and unconditionally releases the Indemnified Person from all liabilities and obligations with respect to such claim, without prejudice, and the sole relief provided is monetary damages for which Indemnifying Party is fully responsible (with no reservation of any rights but subject to the terms, conditions and limitations set forth in this Article 9)), and the Indemnified Person fails to consent to such settlement or compromise offer within thirty (30) calendar days after receipt thereof, then the Indemnifying Party's maximum liability for such Third Party Claim shall not exceed such settlement or compromise offer and the attorneys' fees and defense costs incurred as of the date of such settlement or compromise offer.

9.6 PROCEDURE FOR INDEMNIFICATION—DIRECT CLAIMS

If a claim for Damages is to be made by an Indemnified Person that does not result from a Third Party Claim (such claim, a "*Direct Claim*"), the Indemnified Person shall deliver a Claims Notice to the Indemnifying Party as soon as reasonably practicable after the Indemnified Person becomes aware of such Direct Claim. The delay in or failure of any Indemnified Person to give a timely Claims Notice with respect to a Third Party Claim hereunder shall not adversely affect any of the other rights or remedies of the Indemnified Person or alter or relieve the Indemnifying Party of its obligation to indemnify the Indemnified Person hereunder to the extent such delay or failure has not materially prejudiced the Indemnifying Party. A Claims Notice shall describe the Direct Claim in reasonable detail, include copies of all material written evidence thereof and will indicate the estimated amount (to the extent reasonably practicable) of the Damages that have been, are being and may be sustained by such Indemnified Person. Within twenty (20) Business Days of the Indemnifying Party's receipt of a Claims Notice of a Direct Claim, such Indemnifying Party shall notify such Indemnified Person whether such Indemnifying Party disputes the Damages asserted in such Claims Notice. If such Indemnifying Party fails to provide notice of such dispute within such twenty (20) Business Day period, such Direct Claim will be conclusively deemed, without further action on the part of any party, to be a Liability of such Indemnifying Party and such Indemnifying Party will be obligated, subject to the limitations set forth in this Article 9, to make payment therefor; provided that if the amount of such Liability is not reasonably determinable, such Indemnifying Party will be obligated to make payments therefor subject to the limitations set forth in this Article 9, as and when the amounts of Liability are finally determined by such Indemnifying Party or as and when such Liability is finally adjudicated by a Governmental Body. In the case of a disputed claim, the Indemnified Person and the Indemnifying Parties shall resolve the matter as provided in Section 10.12.

9.7 CONSTRUCTION OF REPRESENTATIONS AND WARRANTIES

For purposes of determining if a breach of any representation or warranty contained in this Agreement has occurred in connection with a claim for indemnification under this Article 9, each representation or warranty that contains any materiality, Material Adverse Effect or other similar qualification shall include, and shall be read after giving effect to, such qualification. For purposes of determining the amount of any Damages for which any Buyer Indemnified Person may be entitled to indemnification under this Article 9, each representation or warranty contained in this Agreement that contains any materiality, Material Adverse Effect or other similar qualification shall be deemed to have been given as though no such qualification was included in such representation or warranty and each such representation or warranty shall be read without regard, and without giving effect, to any such qualification.

9.8 EXCLUSIVE REMEDY

Except as otherwise specifically provided in this Agreement or for actions based on allegations of actual fraud or intentional misrepresentation, the parties acknowledge and agree that from and after the Closing, the indemnification provisions in this Article 9 shall be the exclusive remedy of the parties with respect to the Transactions.

10. GENERAL PROVISIONS

10.1 EXPENSES

Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the consummation of the Transactions, including all fees and expenses of its Representatives.

10.2 PUBLIC ANNOUNCEMENTS

Any press release or substantially similar public announcement with respect to this Agreement or the Transactions will not disclose the purchase price for the Transactions on a stand-alone basis or identify either of the Selling Shareholders or the Trusts without the prior approval of Selling Shareholders; provided, however, that the Company, Selling Shareholders and the Trusts acknowledge and agree that Buyer

(a) will be permitted to file any periodic reports or make any other report or disclosure required by applicable Law or the regulations of any stock exchange on which securities of Buyer are listed without the prior approval of Selling Shareholders and the Trusts and

(b) may disclose the purchase price, together with any other material terms and financial information, for the Transactions and for any other transaction consummated by Buyer (or any Affiliate of Buyer) on a consolidated or aggregated basis without the prior approval of Selling Shareholders and the Trusts. Buyer will provide Selling Shareholders with a reasonable opportunity to review any such press release or similar public announcement prior to use or disclosure by Buyer.

10.3 NOTICES

All notices, consents, waivers and other communications under this Agreement shall be in writing and will be deemed to have been duly given when: (a) delivered by hand (with written confirmation of receipt); (b) sent by facsimile (with written confirmation of receipt by the transmitting equipment); or (c) received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested and costs prepaid); in each case to the appropriate addresses and facsimile numbers set forth below (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties):

Selling Shareholders or the Trusts
Michelle A. Schultz and Richard J. Schultz
c/o Marc C. Krantz, Esq.
Kohrman Jackson & Krantz P.L.L.
1375 E. 9th Street, 20th Floor
Cleveland, Ohio 44114
Facsimile No.: (216) 621-6536

With a copy to (which copy shall not constitute notice) Marc C. Krantz, Esq.
Kohrman Jackson & Krantz P.L.L.
1375 E. 9th Street, 20th Floor
Cleveland, Ohio 44114
Facsimile No.: (216) 621-6536

Buyer or the Company: STERIS Corporation
5960 Heisley Road
Mentor, Ohio 44060
Attention: Vice President, Business Development
Facsimile No.: (440) 357-2344

With a copy to (which copy shall not constitute notice) STERIS Corporation
5960 Heisley Road
Mentor, Ohio 44060
Attention: General Counsel
Facsimile No.: (440) 357-2344

10.4 FURTHER ASSURANCES

The parties agree to furnish upon request to each other such further information, execute and deliver to each other such other documents and do such other acts and things, all as any other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

10.5 AMENDMENT AND WAIVER

This Agreement may not be amended except by a written agreement executed by each of the parties hereto. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by Law:

(a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party;

(b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and

(c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

10.6 SUCCESSORS AND ASSIGNS

No party may assign any of its rights under this Agreement without the prior consent of the other parties. This Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the parties (and with respect to individuals, their respective estates, heirs or beneficiaries). Except as otherwise specifically provided herein, nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

10.7 SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

10.8 TIME OF ESSENCE

With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

10.9 GOVERNING LAW

This Agreement will be governed by, construed under and interpreted in accordance with the laws of the State of Ohio, without regard to conflicts of laws principles that would require the application of the law of any other state or jurisdiction.

10.10 JURISDICTION AND SERVICE OF PROCESS

Any Proceeding arising out of or relating to this Agreement or any of the Transactions shall be brought in any court of competent jurisdiction in Summit County, Ohio, or in the United States District Court for the Northern District of Ohio, Eastern Division, or the appropriate appellate courts relating thereto, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the Proceeding shall be heard and determined only in any such court and agrees not to bring any Proceeding arising out of or relating to this Agreement or any of the Transactions in any other court. The parties agree that either or both of them may file a copy of this Section with any court as written evidence of the knowing, voluntary and bargained agreement between the parties irrevocably to waive any objections to venue or to convenience of forum. Process in any Proceeding referred to in the first sentence of this Section may be served on any party anywhere in the world by following the procedures for delivery of notices that are set forth in Section 10.3.

10.11 WAIVER OF JURY TRIAL

Each of the parties hereby irrevocably waives, to the fullest extent permitted by law, all rights to trial by jury in any Proceeding (whether based upon contract, tort or otherwise) arising out of or relating to this Agreement or any of the Transactions.

10.12 DISPUTE RESOLUTION

(a) In the event of a dispute between Buyer and Selling Shareholders concerning this Agreement, any of the Ancillary Agreements or any Transactions contemplated hereby or thereby, the Chief Executive Officer (or comparable officer or designee) of Buyer on the one hand and Richard J. Schultz on the other hand shall first attempt to resolve the dispute through direct negotiations. Any party may initiate this process by making a written demand for direct negotiation that describes the dispute to be negotiated in reasonable detail.

(b) If the dispute is not resolved within twenty (20) Business Days after the date of the demand for direct negotiation, then the applicable parties shall promptly initiate a voluntary, non-binding mediation conducted by a mutually-agreed mediator in Cleveland, Ohio or such other location as they and the mediator may agree. Should such parties for any reason be unable to agree upon a mediator, they shall jointly request that the Cleveland, Ohio regional office of the American Arbitration Association select the mediator.

(c) During such direct negotiations or mediation, the parties shall endeavor in good faith to resolve the dispute. No settlement reached under this Section 10.12 shall be binding until reduced to a writing signed by the applicable parties.

(d) If the parties are unable to resolve the dispute as provided in this Section 10.12 within ninety (90) days after the initial demand for direct negotiation, then the parties may submit the dispute to litigation conducted in any court permitted by Section 10.10.

(e) Each party shall bear its own fees and expenses in resolving any disputes under this Section 10.12; provided that Buyer, on one hand, and Selling Shareholders, on the other hand, shall each bear one-half of the fees and expenses of any mediator and, if applicable, the American Arbitration Association in selecting and providing a mediator.

10.13 ENTIRE AGREEMENT

This Agreement, the Ancillary Agreements and the Confidentiality Agreement supersede all prior agreements, whether written or oral, between the parties with respect to their respective subject matters (including any letter of intent between or among any of the parties) and constitute (along with the Schedules, Exhibits, certificates and other documents delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to such subject matter.

10.14 EXECUTION IN COUNTERPARTS

This Agreement may be executed in any number of counterparts, including by facsimile or electronic signature included in an Adobe PDF file, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This Agreement shall become effective when counterparts have been signed by each party and delivered to the other parties, it being understood that the parties need not sign the same counterpart.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Stock Purchase Agreement as of the Effective Date.

Buyer:

STERIS CORPORATION

By: /s/ Walter M Rosebrough
Name: Walter M Rosebrough
Title: President and Chief Executive Officer

Reviewed and approved as to form by the
STERIS Corporation Legal Department

JAZ 10/16/12
Attorney Initials Date

Selling Shareholders:

/s/ Michelle A. Schultz
MICHELLE A. SCHULTZ

/s/ Richard J. Schultz
RICHARD J. SCHULTZ

The Trusts:

THE MICHELLE A. SCHULTZ REVOCABLE LIVING TRUST DATED 5/4/2004

By: Michelle A. Schultz
Name: Michelle A. Schultz
Title: Trustee

THE RICHARD J. SCHULTZ REVOCABLE LIVING TRUST DATED 5/4/2004

By: Richard J. Schultz
Name: Richard J. Schultz
Title: Trustee

The Company:

SPECTRUM SURGICAL INSTRUMENTS CORP.

By:/s/ Richard J. Schultz
Name: Richard J. Schultz
Title: CEO

EXHIBIT 10.6

JOINDER SUPPLEMENT
TO
THIRD AMENDED AND RESTATED GUARANTY OF PAYMENT

This JOINDER SUPPLEMENT TO THIRD AMENDED AND RESTATED GUARANTY OF PAYMENT, dated as of October 29, 2012 (this "Supplement"), is made by Spectrum Surgical Instruments Corp., an Ohio corporation (together with its successors and assigns, the "Additional Guarantor").

Recitals:

A. STERIS Corporation, an Ohio corporation (the "Borrower"), is a party to the Third Amended and Restated Credit Agreement, dated as of April 13, 2012, as amended by that certain Amendment No. 1 thereto dated October 12, 2012 (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement"), with the lenders from time to time party thereto (collectively, the "Lenders"), and KeyBank National Association, as agent for the Lenders (the "Agent").

B. In connection with the Credit Agreement, the Third Amended and Restated Guaranty of Payment, dated as of April 13, 2012 (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Guaranty"), was executed by the Guarantors, as defined in the Guaranty, in favor of the Agent, for the benefit of the Lenders.

C. The Additional Guarantor is a Material Subsidiary of the Borrower and, pursuant to Section 5.19 of the Credit Agreement, is required to become a "Guarantor" under the Guaranty and to guarantee, for the benefit of Agent and the Lenders, all of the Debt, as defined in the Credit Agreement.

D. The Additional Guarantor deems it to be in its direct pecuniary and business interests to become a "Guarantor" under the Guaranty and, accordingly, desires to enter into this Supplement in order to satisfy the condition described in the preceding paragraph and to induce the Agent and the Lenders, to make financial accommodations to or for the benefit of the Additional Guarantor.

E. The Additional Guarantor desires to become a Guarantor under the Guaranty.

Agreement:

In consideration of the foregoing and the other benefits accruing to the Additional Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Additional Guarantor covenants and agrees with the Agent and the Lenders as follows:

1. Definitions. Capitalized terms used in this Supplement and not otherwise defined herein or in the Guaranty shall have the meanings given to such terms in the Credit Agreement.

2. Supplement; Guaranty. The Additional Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Supplement, on and after the date hereof it shall become a party to the Guaranty and shall be fully bound by, and subject to, all of the covenants, terms, obligations and

conditions of the Guaranty applicable to a "Guarantor" as though originally party thereto as a "Guarantor," and the Additional Guarantor shall be deemed a "Guarantor" for all purposes of the Guaranty and the other Loan Documents. The Additional Guarantor acknowledges and confirms that it has received a copy of the Guaranty, the other Loan Documents and all exhibits thereto and has reviewed and understands all of the terms and provisions thereof. The Additional Guarantor

(a) agrees that it will comply with all the terms and conditions of the Guaranty as if it were an original signatory thereto, and

(b) irrevocably and unconditionally guarantees to the Agent and the Lenders the prompt payment in full of all of the Debt, whether now existing or hereafter arising, as and when the respective parts thereof become due and payable (whether at the stated maturity, by acceleration or otherwise).

3. Representations and Warranties. The Additional Guarantor, as of the date hereof, hereby:

(a) makes to the Agent and the Lenders each of the representations and warranties contained in the Guaranty applicable to a Guarantor, except it is understood that Guarantor may be in the process of qualifying, but not presently qualified, in certain jurisdictions in which it holds assets; and

(b) represents and warrants that upon the execution and delivery of this Supplement, all of the conditions set forth in Section 5.19 of the Credit Agreement have been satisfied.

4. Successors and Assigns; Entire Agreement. This Supplement is binding upon and shall inure to the benefit of the Additional Guarantor, the Agent and each of the Lenders and their respective successors and assigns. This Supplement and the Guaranty set forth the entire agreement and understanding between the parties as to the subject matter hereof and merge and supersede all prior discussions, agreements and understandings of any and every nature among them. This Supplement shall be a Loan Document under the Credit Agreement.

5. Effect of this Supplement. Except as supplemented hereby, the Guaranty is hereby ratified and confirmed and shall remain in full force and effect.

6. Effectiveness. This Supplement shall not become effective unless and until it shall have been executed and delivered by the Additional Guarantor to the Agent and acknowledged and agreed to by each other Guarantor under the Guaranty.

7. Headings. The descriptive headings of this Supplement are for convenience or reference only and do not constitute a part of this Supplement.

8. Governing Law. This Supplement is governed by and construed in accordance with Ohio law, without regard to principals of conflict of laws.

9. JURY TRIAL WAIVER. THE ADDITIONAL GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SUPPLEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.IN WITNESS WHEREOF, the Additional Guarantor has duly executed this Supplement as of the date first written above.

Spectrum Surgical Instruments Corp.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

Acknowledged and agreed to:

STERIS CORPORATION
AMERICAN STERILIZER COMPANY
STERIS INC.
ISOMEDIX OPERATIONS INC.
STERIS ISOMEDIX SERVICES, INC.
UNITED STATES ENDOSCOPY GROUP, INC.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer

EXHIBIT 10.7

GUARANTY SUPPLEMENT

To the Holders of the Series A-2 Notes
and Series A-3 Notes (as
hereinafter defined) of STERIS
Corporation (the "Company")

Re: Spectrum Surgical Instruments Corp. – 2003 Senior Note Issuance

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company issued the following notes (a) $40,000,000 aggregate principal amount of its 5.25% Senior Notes, Series A-2, due December 15, 2013 (the "Series A-2 Notes") and (b) $20,000,000 aggregate principal amount of its 5.38% Senior Notes, Series A-3, due December 15, 2015 (the "Series A-3 Notes"; the Series A-2 Notes and the Series A-3 Notes shall be collectively referred to herein to the "Notes") pursuant to those certain Note Purchase Agreements dated as of December 17, 2003 (the "Note Purchase Agreements") between the Company and each of the purchasers named on Schedule A thereto (the "Initial Note Purchasers").

WHEREAS, as a condition precedent to their purchase of the Notes, the Initial Note Purchasers required that certain subsidiaries of the Company enter into a Subsidiary Guaranty as security for the Notes (the "Guaranty").

Pursuant to Section 9.7 of the Note Purchase Agreements, the Company has agreed to cause the undersigned, Spectrum Surgical Instruments Corp., a corporation formed under the laws of Ohio (the "Additional Guarantor"), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreements and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Vice President and Treasurer of the Additional Guarantor, a direct or indirect subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: October 29, 2012

Spectrum Surgical Instruments Corp.

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Treasurer

Accepted and Agreed:

STERIS CORPORATION

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Corporate Treasurer

SUBSIDIARY GUARANTY
Dated as of December 17, 2003

Re: $40,000,000 4.20% Senior Notes, Series A-1, due December 15, 2008 $40,000,000 5.25% Senior Notes, Series A-2, due December 15, 2013 $20,000,000 5.38% Senior Notes, Series A-3, due December 15, 2015

of

STERIS CORPORATION

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(Not a part of the Agreement)

SUBSIDIARY GUARANTY

Re: $40,000,000 4.20% Senior Notes, Series A-1, due December 15, 2008 $40,000,000 5.25% Senior Notes, Series A-2, due December 15, 2013 $20,000,000 5.38% Senior Notes, Series A-3, due December 15, 2015

This SUBSIDIARY GUARANTY dated as of December 17, 2003 (the or this *"Guaranty")* is entered into on a joint and several basis by each of the undersigned, together with any entity which may become a party hereto by execution and delivery of a Guaranty Supplement in substantially the form set forth as Exhibit A hereto (a *"Guaranty Supplement")* (which parties are hereinafter referred to individually as a *"Guarantor"* and collectively as the *"Guarantors").*

RECITALS

A. Each Guarantor is a direct or indirect subsidiary of STERIS Corporation, an Ohio corporation (the *"Company").*

B. In order to refinance certain debt and for general corporate purposes, the Company has entered into those certain Note Purchase Agreements dated as of December 17, 2003 (the *"Note Purchase Agreements")* between the Company and each of the purchasers named on Schedule A thereto (the *"Initial Note Purchasers";* the Initial Note Purchasers, together with their successors, assigns or any other future holder of the Notes (as defined below), the *"Holders"),* providing for, *inter alia,* the issue and sale by the Company to the Initial Note Purchasers of $40,000,000 aggregate principal amount of its 4.20% Senior Notes, Series A-1, due December 15, 2008, $40,000,000 aggregate principal amount of its 5.25% Senior Notes, Series A-2, due December 15, 2013 and $20,000,000 aggregate principal amount of its 5.38% Senior Notes, Series A-3, due December 15, 2015.

C. The Initial Note Purchasers have required as a condition to their purchase of the Notes that the Company cause each of the undersigned to enter into this Guaranty and to cause each Subsidiary (as defined in the Note Purchase Agreements) that after the date hereof delivers a guaranty pursuant to the Bank Credit Agreement (as defined in the Note Purchase Agreements) to enter into a Guaranty Supplement, in each case as security for the Notes, and the Company has agreed to cause each of the undersigned to execute this Guaranty and to cause such additional Subsidiaries to execute a Guaranty Supplement, in each case in order to induce the Initial Note Purchasers to purchase the Notes and thereby benefit the Company and its Subsidiaries.

D. Each of the Guarantors will derive substantial direct and indirect benefit from the sale of the Notes to the Initial Note Purchasers.

Now, THEREFORE, as required by the Note Purchase Agreements and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, each Guarantor does hereby covenant and agree, jointly and severally, as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used herein shall have the meanings set forth in the Note Purchase Agreements unless herein defined or the context shall otherwise require.

SECTION 2. GUARANTY OF NOTES AND NOTE PURCHASE AGREEMENTS.

(a) Subject to the limitation set forth in Section 2(b) hereof and to the provisions of Section 13 hereof, each Guarantor jointly and severally does hereby absolutely and unconditionally guarantee unto the Holders: (1) the full and prompt payment of the principal of, Make-Whole Amount, if any, and interest on the Notes from time to time outstanding, as and when such payments shall become due and payable whether by lapse of time, upon redemption or prepayment, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, Make-Whole Amount, if any, or interest at the rate set forth in the Notes and interest accruing at the then applicable rate provided in the Notes after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) in Federal or other immediately available funds of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts, (2) the full and prompt performance and observance by the Company of each and all of the obligations, covenants and agreements required to be performed or owed by the Company under the terms of the Notes and the Note Purchase Agreements and (3) the full and prompt payment, upon demand by any Holder, of all reasonable actual out of pocket costs and expenses, legal or otherwise (including attorneys' fees), if any, as shall have been expended or incurred in the protection or enforcement of any rights, privileges or liabilities in favor of the Holders under or in respect of the Notes, the Note Purchase Agreements or under this Guaranty or in any consultation or action in connection therewith or herewith and in each and every case irrespective of the validity, regularity, or enforcement of any of the Notes or Note Purchase Agreements or any of the terms thereof or any other like circumstance or circumstances.

(b) The liability of each Guarantor under this Guaranty shall not exceed an amount equal to a maximum amount as will, after giving effect to such maximum amount and all other liabilities of such Guarantor, contingent or otherwise, result in the obligations of such Guarantor hereunder not constituting a fraudulent transfer, obligation or conveyance.

SECTION 3. GUARANTY OF PAYMENT AND PERFORMANCE.

This is a guarantee of payment and performance and each Guarantor hereby waives, to the fullest extent permitted by law, any right to require that any action on or in respect of any Note or the Note Purchase Agreements be brought against the Company or any other Person or that resort be had to any direct or indirect security for the Notes or for this Guaranty or any other remedy. Any Holder may, at its option, proceed hereunder against any Guarantor in the first instance to collect monies when due, the payment of which is guaranteed hereby, without first proceeding against the Company or any other

Person and without first resorting to any direct or indirect security for the Notes or for this Guaranty or any other remedy. The liability of each Guarantor hereunder shall in no way be affected or impaired by any acceptance by any Holder of any direct or indirect security for, or other guaranties of, any Debt, liability or obligation of the Company or any other Person to any Holder or by any failure, delay, neglect or omission by any Holder to realize upon or protect any such guarantees, Debt, liability or obligation or any notes or other instruments evidencing the same or any direct or indirect security therefor or by any approval, consent, waiver, or other action taken, or omitted to be taken by any such Holder.

The covenants and agreements on the part of the Guarantors herein contained shall take effect as joint and several covenants and agreements, and references to the Guarantors shall take effect as references to each of them and none of them shall be released from liability hereunder by reason of the guarantee ceasing to be binding as a continuing security on any other of them.

SECTION 4. GENERAL PROVISIONS RELATING TO THE GUARANTY.

(a) Each Guarantor hereby consents and agrees that any Holder or Holders from time to time, with or without any further notice to or assent from any other Guarantor may, without in any manner affecting the liability of any Guarantor under this Guaranty, and upon such terms and conditions as any such Holder or Holders may deem advisable:

(1) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the performance or payment of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligations of the Company on the Notes, or waive any Default with respect thereto, or waive, modify, amend or change any provision of any other agreement or this Guaranty; or

(2) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such Holder as direct or indirect security for the payment or performance of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes; or

(3) settle, adjust or compromise any claim of the Company against any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes.

Each Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives, to the fullest extent permitted by law, any and all defenses, counterclaims or offsets which it might or could have by reason thereof, it being understood that such Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(b) Each Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty by the Holders or of the creation, renewal or accrual of any liability of the Company, present or future, or of the reliance of such Holders upon this Guaranty (it being understood that every Debt, liability and obligation described in **Section 2** hereof shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty);

(2) demand of payment by any Holder from the Company or any other Person indebted in any manner on or for any of the Debt, liabilities or obligations hereby guaranteed; and

(3) presentment for the payment by any Holder or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to such Guarantor.

The obligations of each Guarantor under this Guaranty and the rights of any Holder to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise, shall not be subject to any reduction, limitation, impairment or termination (other than by payment in full of the Notes and the obligations of the Company under the Note Purchase Agreements), whether by reason of any claim of any character whatsoever or otherwise and shall not be subject to any defense, set-off, counterclaim (other than any compulsory counterclaim), recoupment or termination whatsoever.

(c) Subject to **Section 13** hereof, the obligations of the Guarantors hereunder shall be binding upon the Guarantors and their successors and assigns, and shall remain in full force and effect until the entire principal, interest and Make-Whole Amount, if any, on the Notes and all other sums due pursuant to **Section 2** shall have been paid and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to or the consent of the Guarantors:

(1) the genuineness, validity, regularity or enforceability of the Notes, the Note Purchase Agreements or any other agreement or any of the terms of any thereof, the continuance of any obligation on the part of the Company, any other Guarantors or any other Person on or in respect of the Notes or under the Note Purchase Agreements or any other agreement or the power or authority or the lack of power or authority of the Company to issue the Notes or the Company to execute and deliver the Note Purchase Agreements or any other agreement or of any other Guarantors to execute and deliver this Guaranty or any other agreement or to perform any of its obligations hereunder or the existence or continuance of the Company or any other Person as a legal entity; or

(2) any default, failure or delay, willful or otherwise, in the performance by the Company, any other Guarantor or any other Person of any obligations of any kind or character whatsoever under the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(3) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Company, any other Guarantor or any other Person or in respect of the property of the Company, any other Guarantor or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Company, any other Guarantor or any other Person; or

(4) impossibility or illegality of performance on the part of the Company, any other Guarantor or any other Person of its obligations under the Notes, the Note Purchase Agreements, this Guaranty or any other agreements; or

(5) in respect of the Company, any other Guarantors or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Company, any other Guarantors or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other *force majeure*, whether or not beyond the control of the Company, any other Guarantors or any other Person and whether or not of the kind hereinbefore specified; or

(6) any attachment, claim, demand, charge, Lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, Debt, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against the Company, any Guarantor or any other Person or any claims, demands, charges or Liens of any nature, foreseen or unforeseen, incurred by the Company, any Guarantor or any other Person, or against any sums payable in respect of the Notes or under the Note Purchase Agreements or this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided; or

(7) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Company, any Guarantor or any other Person of its respective obligations under or in respect of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(8) the failure of any Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty; or

(9) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to any Guarantor of failure of the Company, any

Guarantor or any other Person to keep and perform any obligation, covenant or agreement under the terms of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or failure to resort for payment to the Company, any other Guarantor or to any other Person or to any other guaranty or to any property, security, Liens or other rights or remedies; or

(10) the acceptance of any additional security or other guaranty, the advance of additional money to the Company or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Note Purchase Agreements or any other agreement, or the sale, release, substitution or exchange of any security for the Notes; or

(11) any merger or consolidation of the Company, any other Guarantor or any other Person into or with any other Person or any sale, lease, transfer or other disposition of any of the assets of the Company, any other Guarantor or any other Person to any other Person, or any change in the ownership of any shares of the Company, any other Guarantor or any other Person; or

(12) any defense whatsoever that: (i) the Company or any other Person might have to the payment of the Notes (principal, Make-Whole Amount, if any, or interest), other than payment thereof in Federal or other immediately available funds, or (ii) the Company or any other Person might have to the performance or observance of any of the provisions of the Notes, the Note Purchase Agreements or any other agreement, whether through the satisfaction or purported satisfaction by the Company, any other Guarantor or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding-up or otherwise, other than the defense of indefeasible payment in full in cash of the Notes; or

(13) any act or failure to act with regard to the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or anything which might vary the risk of any Guarantor or any other Person; or

(14) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor or any other Person in respect of the obligations of any Guarantor or other Person under this Guaranty or any other agreement, other than the defense of indefeasible payment in full in cash of the Notes;

provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty and the parties hereto that the obligations of each Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except pursuant to **Section 13** hereof and by the payment of the principal of, Make-Whole Amount, if any, and interest on the Notes in accordance with their respective terms whenever the same shall become due and payable as in the Notes provided and all other sums due and payable under the Note Purchase Agreements, at the place specified in and all in the manner and with the

effect provided in the Notes and the Note Purchase Agreements, as each may be amended or modified from time to time. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Company shall default under or in respect of the terms of the Notes or the Note Purchase Agreements and that notwithstanding recovery hereunder for or in respect of any given default or defaults by the Company under the Notes or the Note Purchase Agreements, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(d) All rights of any Holder may be transferred or assigned at any time and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note in accordance with the Note Purchase Agreements whether with or without the consent of or notice to the Guarantors under this Guaranty or to the Company.

(e) To the extent of any payments made under this Guaranty, the Guarantors shall be subrogated to the rights of the Holder or Holders upon whose Notes such payment was made, but each Guarantor covenants and agrees that such right of subrogation shall be junior and subordinate in right of payment to the prior indefeasible final payment in cash in full of all amounts due and owing by the Company with respect to the Notes and the Note Purchase Agreements and by the Guarantors under this Guaranty, and the Guarantors shall not take any action to enforce such right of subrogation, and the Guarantors shall not accept any payment in respect of such right of subrogation, until all amounts due and owing by the Company under or in respect of the Notes and the Note Purchase Agreements and all amounts due and owing by the Guarantors hereunder have indefeasibly been finally paid in cash in full. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the indefeasible payment in cash in full (or other satisfaction agreed to by the Holders) of the Notes and all other amounts payable under the Notes, the Note Purchase Agreements and this Guaranty, such amount shall be held in trust for the benefit of the Holders and shall, except to the extent the Holders have received payment, promptly be paid to the Holders to be credited and applied to the amounts due or to become due with respect to the Notes and all other amounts payable under the Note Purchase Agreements and this Guaranty, whether matured or unmatured. Each Guarantor acknowledges that it has received direct and indirect benefits from the financing arrangements contemplated by the Note Purchase Agreements and that the waiver set forth in this paragraph (e) is knowingly made as a result of the receipt of such benefits.

(f) To the extent of any payments made under this Guaranty, each Guarantor making such payment shall have a right of contribution from the other Guarantors, but such Guarantor covenants and agrees that such right of contribution shall be subordinate in right of payment to the rights of the Holders for which full payment has not been made or provided for and, to that end, such Guarantor agrees not to claim or enforce any such right of contribution unless and until all of the Notes and all other sums due and payable under the Note Purchase Agreements have been fully and irrevocably paid and discharged.

(d) Each Guarantor agrees that to the extent the Company, any other Guarantor or any other Person makes any payment on any Note, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered,

rescinded, or otherwise defeased or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantors' obligations hereunder, as if said payment had not been made. The liability of the Guarantors hereunder shall not be reduced or discharged, in whole or in part, by any payment to any Holder from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(h) No Holder shall be under any obligation: (1) to marshal any assets in favor of the Guarantors or in payment of any or all of the liabilities of the Company under or in respect of the Notes or the obligations of the Guarantors hereunder or (2) to pursue any other remedy that the Guarantors may or may not be able to pursue themselves and that may lighten the Guarantors' burden, any right to which each Guarantor hereby expressly waives.

(i) The obligations of each Guarantor under this Guaranty rank *pari passu* in right of payment with all other Debt of such Guarantor which is not secured or which is not expressly subordinated in right of payment to any other unsecured Debt of such Guarantor.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS.

Each Guarantor represents and warrants to each Holder that:

(a) Such Guarantor is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on

(1) the business, operations, affairs, financial condition, assets or properties of the Company and its subsidiaries, taken as a whole, or

(2) the ability of such Guarantor to perform its obligations under this Guaranty, or

(3) the validity or enforceability of this Guaranty. Such Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

(b) This Guaranty has been duly authorized by all necessary action on the part of such Guarantor, and upon execution and delivery of this Guaranty and of the Note Purchase Agreements and receipt of consideration for the Note Purchase Agreements and the Notes, this Guaranty will constitute a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by

(1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and

(2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance by such Guarantor of this Guaranty will not

(1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor under any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, charter document or by-law, or any other material agreement or instrument to which such Guarantor is bound or by which such Guarantor or any of its properties may be bound or affected,

(2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Guarantor or

(3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the such Guarantor.

(d) No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Guarantor is required in connection with the execution, delivery or performance by such Guarantor of this Guaranty.

(e) Such Guarantor has capital not unreasonably small in relation to its business or any contemplated or undertaken transaction and has assets having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due and greater than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured. Such Guarantor does not intend to incur, or believe or should have believed that it will incur, debts beyond its ability to pay such debts as they become due. Such Guarantor will not be rendered insolvent by the execution and delivery of, and performance of its obligations under, this Guaranty. Such Guarantor does not intend to hinder, delay or defraud its creditors by or through the execution and delivery of, or performance of its obligations under, this Guaranty.

SECTION 6. GUARANTOR COVENANTS.

From and after the date of issuance of the Notes by the Company and continuing so long as any amount remains unpaid thereon each Guarantor agrees to comply with the terms and provisions of Sections 9.1, 9.2, 9.3, 9.4 and 9.5 of the Note Purchase Agreements, insofar as such provisions apply to such Guarantor, as if said Sections were set forth herein in full.

SECTION 7. [**RESERVED]**

SECTION 8. GOVERNING LAW.

(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

(b) Each Guarantor hereby

(1) irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Guaranty may be litigated in such courts, and

(2) waives any objection which it may have based on improper venue or *forum non conveniens* to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and

(3) consents that all such service of process be made by delivery to it at the address of such Person set forth in Section 11 below or to its agent referred to below at such agent's address set forth below (with a courtesy copy to such Guarantor at the address set forth in Section 11) and that service so made shall be deemed to be completed upon actual receipt. Each Guarantor hereby irrevocably appoints CT Corporation System, with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent for the purpose of accepting service of any process within the State of New York. Nothing contained in this section shall affect the right of any Holder to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against a Guarantor or to enforce a judgment obtained in the courts of any other jurisdiction.

(c) The parties hereto waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between them arising out of, connected with, related to or incidental to the relationship established between them in connection with this Guaranty, any financing agreement, any loan party document or any other instrument, document or agreement executed or delivered in connection herewith or the transactions related hereto. The parties hereto hereby agree and consent that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that any of them may file an original counterpart or a copy of this Guaranty with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

SECTION 9. **[RESERVED]**

SECTION 10. AMENDMENTS, WAIVERS AND CONSENTS.

(a) This Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Required Holders.

(b) The Guarantors will provide each Holder (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantors will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 10 to each Holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Holders.

(c) The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of fee or otherwise, or grant any security, to any Holder as consideration for or as an inducement to the entering into by any Holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Holder even if such Holder did not consent to such waiver or amendment.

(d) Any amendment or waiver consented to as provided in this **Section 10** applies equally to all Holders and is binding upon them and upon each future holder and upon the Guarantors. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantors and any Holder nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any Holder. As used herein, the term "this Guaranty" and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

(e) Solely for the purpose of determining whether the Holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty, Notes directly or indirectly owned by any Guarantor, the Company or any of their respective subsidiaries or Affiliates shall be deemed not to be outstanding.

SECTION 11. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent

(a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or

(b) by registered or certified mail with return receipt requested (postage prepaid), or

(c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(1) if to an Initial Note Purchaser or such Initial Note Purchaser's nominee, to such Initial Note Purchaser or such Initial Note Purchaser's nominee at the address specified for such communications in Schedule A to the Note Purchase Agreements, or at such other address as such Initial Note Purchaser or such Initial Note Purchaser's nominee shall have specified to any Guarantor or the Company in writing,

(2) if to any other Holder, to such Holder at such address as such Holder shall have specified to any Guarantor or the Company in writing, or

(3) if to any Guarantor, to such Guarantor c/o the Company at its address set forth at the beginning of the Note Purchase Agreements to the attention of Corporate Treasurer, or at such other address as such Guarantor shall have specified to the Holders in writing.

Notices under this **Section 11** will be deemed given only when actually received.

SECTION 12. MISCELLANEOUS.

(a) No remedy herein conferred upon or reserved to any Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any Holder to exercise any remedy reserved to it under the Guaranty, it shall not be necessary for such Holder to physically produce its Note in any proceedings instituted by it or to give any notice, other than such notice as may be herein expressly required.

(b) The Guarantors will pay all sums becoming due under this Guaranty by the method and at the address specified in the Note Purchase Agreements, or by such other method or at such other

address as any Holder shall have from time to time specified to the Guarantors in writing for such purpose, without the presentation or surrender of this Guaranty or any Note.

(c) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

(d) If the whole or any part of this Guaranty shall be now or hereafter become unenforceable against any one or more of the Guarantors for any reason whatsoever or if it is not executed by any one or more of the Guarantors, this Guaranty shall nevertheless be and remain fully binding upon and enforceable against each other Guarantor as if it had been made and delivered only by such other Guarantors.

(e) This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns so long as its Notes remain outstanding and unpaid.

(f) This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

SECTION 13. RELEASE.

Notwithstanding anything that may be contained herein to the contrary, the Holders agree that, in accordance with Section 2.2(e) of the Note Purchase Agreements, this Guaranty shall be automatically released and discharged without the necessity of further action on the part of the Holders if, and to the extent, the corresponding guaranty given pursuant to the terms of the Bank Credit Agreement is released and discharged; *provided* that in the event the Guarantor shall again become obligated under or with respect to the previously discharged Guaranty pursuant to the terms and provisions of the Guaranty, the Bank Credit Agreement or any additional bank loan agreement entered into by the Company pursuant to which such lenders make available to the Company credit facilities which are *pari passu* with the Notes, then the obligations of such Guarantor under this Guaranty shall be reinstated and any release thereof previously given shall be deemed null and void, and such Guaranty shall again benefit the Holders on an equal and *pro rata* basis and such Guaranty shall once again be subject to the terms of the lntercreditor Agreement. Any release by the Holders shall be deemed to have occurred concurrently with the release and discharge under the Bank Credit Agreement. The Company shall promptly notify the Holders of any release of a Subsidiary Guaranty pursuant to this **Section 13** and shall deliver evidence of any release or discharge of a guaranty or Lien in customary form.

[Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has caused this Subsidiary Guaranty to be duly executed by an authorized representative as of this 17th day of December, 2003.

ECOMED, INC.
AMERICAN STERILIZER COMPANY
STERIS EUROPE, INC.
STERIS ASIA PACIFIC, INC.
STERIS INC.
STERIS LATIN AMERICA, INC.
HTD HOLDING CORP.
HSTD LLC
HAUSTED, INC.
ISOMEDIX INC.
ISOMEDIX OPERATIONS INC.
STERILTEK, INC. STRATEGIC TECHNOLOGY ENTERPRISES, INC.

By:_____
Name: William L. Aamoth
Title: Treasurer

Accepted and Agreed:

STERIS CORPORATION

By_____

Name: William L. Aamoth

Title: Treasurer

EXHIBIT 10.8

GUARANTY SUPPLEMENT

To the Holders of the Series A-1 Notes, Series A-2 Notes and Series A-3 Notes (as hereinafter defined) of STERIS Corporation (the "Company")

Re: Spectrum Surgical Instruments Corp. – 2008 Senior Note Issuance

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company issued (a) $30,000,000 aggregate principal amount of its 5.63% Senior Notes, Series A-1, due August 15, 2013 (the "Series A-1 Notes"), (b) $85,000,000 aggregate principal amount of its 6.33% Senior Notes, Series A-2, due August 15, 2018 (the "Series A-2 Notes") and (c) $35,000,000 aggregate principal amount of its 6.43% Senior Notes, Series A-3, due August 15, 2020 (the "Series A-3 Notes"; the Series A-1 Notes, Series A-2 Notes and the Series A-3 Notes shall be collectively referred to herein to the "Notes") pursuant to those certain Note Purchase Agreements dated as of August 15, 2008 (the "Note Purchase Agreements") between the Company and each of the purchasers named on Schedule A thereto (the "Initial Note Purchasers").

WHEREAS, as a condition precedent to their purchase of the Notes, the Initial Note Purchasers required that certain subsidiaries of the Company enter into a Subsidiary Guaranty as security for the Notes (the "Guaranty").

Pursuant to Section 9.7 of the Note Purchase Agreements, the Company has agreed to cause the undersigned, Spectrum Surgical Instruments Corp., a corporation organized under the laws of Ohio (the "Additional Guarantor"), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreements and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected Vice President and Treasurer of the Additional Guarantor, a subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantor shall be deemed

to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: October 29, 2012

Spectrum Surgical Instruments Corp.

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Treasurer

Accepted and Agreed:

STERIS CORPORATION

By: /s/ William L. Aamoth

William L. Aamoth
Vice President and Corporate Treasurer

SUBSIDIARY GUARANTY

Dated as of August 15, 2008

Re: $30,000,000 5.63% Senior Notes, Series A-1, due August 15, 2013
$85,000,000 6.33% Senior Notes, Series A-2, due August 15, 2018
$35,000,000 6.43% Senior Notes, Series A-3, due August 15, 2020

of

STERIS CORPORATION

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(Not a part of the Agreement)

SUBSIDIARY GUARANTY

Re: $30,000,000 5.63% Senior Notes, Series A-1, due August 15, 2013
$85,000,000 6.33% Senior Notes, Series A-2, due August 15, 2018
$35,000,000 6.43% Senior Notes, Series A-3, due August 15, 2020

This SUBSIDIARY GUARANTY dated as of August 15, 2008 (the or this *"Guaranty")* is entered into on a joint and several basis by each of the undersigned, together with any entity which may become a party hereto by execution and delivery of a Guaranty Supplement in substantially the form set forth as **Exhibit A** hereto (a *"Guaranty Supplement")* (which parties are hereinafter referred to individually as a *"Guarantor"* and collectively as the *"Guarantors").*

RECITALS

A. Each Guarantor is a direct or indirect subsidiary of STERIS Corporation, an Ohio corporation (the *"Company").*

B. In order to refinance certain debt and for general corporate purposes, the Company has entered into those certain Note Purchase Agreements dated as of August 15, 2008 (the *"Note Purchase Agreements")* between the Company and each of the purchasers named on Schedule A thereto (the *"Initial Note Purchasers";* the Initial Note Purchasers, together with their successors, assigns or any other future holder of the Notes (as defined below), the *"Holders"),* providing for, *inter alia*, the issue and sale by the Company to the Initial Note Purchasers of $30,000,000 aggregate principal amount of its 5.63% Senior Notes, Series A-1, due August 15, 2013, $85,000,000 aggregate principal amount of its 6.33% Senior Notes, Series A-2, due August 15, 2018 and $35,000,000 aggregate principal amount of its 6.43% Senior Notes, Series A-3, due August 15, 2020.

C. The Initial Note Purchasers have required as a condition to their purchase of the Notes that the Company cause each of the undersigned to enter into this Guaranty and to cause each Subsidiary (as defined in the Note Purchase Agreements) that after the date hereof delivers a guaranty pursuant to the Bank Credit Agreement (as defined in the Note Purchase Agreements) to enter into a Guaranty Supplement, in each case as security for the Notes, and the Company has agreed to cause each of the undersigned to execute this Guaranty and to cause such additional Subsidiaries to execute a Guaranty Supplement, in each case in order to induce the Initial Note Purchasers to purchase the Notes and thereby benefit the Company and its Subsidiaries.

A. Each of the Guarantors will derive substantial direct and indirect benefit from the sale of the Notes to the initial Note Purchasers.

Now, THEREFORE, as required by the Note Purchase Agreements and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, each Guarantor does hereby covenant and agree, jointly and severally, intending to be legally bound as follows:

SECTION 1. DEFINITIONS.

Capitalized terms used herein shall have the meanings set forth in the Note Purchase Agreements unless herein defined or the context shall otherwise require.

SECTION 2. GUARANTY OF NOTES AND NOTE PURCHASE AGREEMENTS.

(a) Subject to the limitation set forth in Section 2(b) hereof and to the provisions of **Section 13** hereof, each Guarantor jointly and severally does hereby absolutely and unconditionally guarantee unto the Holders:

(1) the full and prompt payment of the principal of, Make-Whole Amount, if any, and interest on the Notes from time to time outstanding, as and when such payments shall become due and payable whether by lapse of time, upon redemption or prepayment, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, Make-Whole Amount, if any, or interest at the rate set forth in the Notes and interest accruing at the then applicable rate provided in the Notes after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) in Federal or other immediately available funds of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts,

(2) the full and prompt performance and observance by the Company of each and all of the obligations, covenants and agreements required to be performed or owed by the Company under the terms of the Notes and the Note Purchase Agreements and

(3) the full and prompt payment, upon demand by any Holder, of all reasonable actual out of pocket costs and expenses, legal or otherwise (including attorneys' fees), if any, as shall have been expended or incurred in the protection or enforcement of any rights, privileges or liabilities in favor of the Holders under or in respect of the Notes, the Note Purchase Agreements or under this Guaranty or in any consultation or action in connection therewith or herewith and in each and every case irrespective of the validity, regularity, or enforcement of any of the Notes or Note Purchase Agreements or any of the terms thereof or any other like circumstance or circumstances.

(b) The liability of each Guarantor under this Guaranty shall not exceed an amount equal to a maximum amount as will, after giving effect to such maximum amount and all other liabilities of such Guarantor, contingent or otherwise, result in the obligations of such Guarantor hereunder not constituting a fraudulent transfer, obligation or conveyance.

SECTION 3. GUARANTY OF PAYMENT AND PERFORMANCE.

This is a guarantee of payment and performance and each Guarantor hereby waives, to the fullest extent permitted by law, any right to require that any action on or in respect of any Note or the Note Purchase Agreements be brought against the Company or any other Person or that resort be had to any direct or indirect security for the Notes or for this Guaranty or any other remedy. Any Holder may, at its option, proceed hereunder against any Guarantor in the first instance to

collect monies when due, the payment of which is guaranteed hereby, without **first** proceeding against the Company or any other Person and without first resorting to any direct or indirect security for the Notes or for this Guaranty or any other remedy. The liability of each Guarantor hereunder shall in no way be affected or impaired by any acceptance by any Holder of any direct or indirect security for, or other guaranties of, any Debt, liability or obligation of the Company or any other Person to any Holder or by any failure, delay, neglect or omission by any Holder to realize upon or protect any such guarantees, Debt, liability or obligation or any notes or other instruments evidencing the same or any direct or indirect security therefor or by any approval, consent, waiver, or other action taken, or omitted to be taken by any such Holder.

The covenants and agreements on the part of the Guarantors herein contained shall take effect as joint and several covenants and agreements, and references to the Guarantors shall take effect as references to each of them and none of them shall be released from liability hereunder by reason of the guarantee ceasing to be binding as a continuing security on any other of them.

SECTION 4. GENERAL PROVISIONS RELATING TO THE GUARANTY.

(a) Each Guarantor hereby consents and agrees that any Holder or Holders from time to time, with or without any further notice to or assent from any other Guarantor may, without in any manner affecting the liability of any Guarantor under this Guaranty, and upon such terms and conditions as any such Holder or Holders may deem advisable:

(1) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the performance or payment of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligations of the Company on the Notes, or waive any Default with respect thereto, or waive, modify, amend or change any provision of any other agreement or this Guaranty; or

(2) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such Holder as direct or indirect security for the payment or performance of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes; or

(3) settle, adjust or compromise any claim of the Company against any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes.

Each Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives, to the fullest extent permitted by law, any and all defenses, counterclaims or offsets which it might or could have

by reason thereof, it being understood that such Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(b) Each Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty by the Holders or of the creation, renewal or accrual of any liability of the Company, present or future, or of the reliance of such Holders upon this Guaranty (it being understood that every Debt, liability and obligation described in Section 2 hereof shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty);

(2) demand of payment by any Holder from the Company or any other Person indebted in any manner on or for any of the Debt, liabilities or obligations hereby guaranteed; and

(3) presentment for the payment by any Holder or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to such Guarantor.

The obligations of each Guarantor under this Guaranty and the rights of any Holder to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise, shall not be subject to any reduction, limitation, impairment or termination (other than by payment in full of the Notes and the obligations of the Company under the Note Purchase Agreements), whether by reason of any claim of any character whatsoever or otherwise and shall not be subject to any defense, set-off, counterclaim (other than any compulsory counterclaim), recoupment or termination whatsoever.

(c) Subject to **Section 13** hereof, the obligations of the Guarantors hereunder shall be binding upon the Guarantors and their successors and assigns, and shall remain in full force and effect until the entire principal, interest and Make-Whole Amount, if any, on the Notes and all other sums due pursuant to **Section 2** shall have been paid and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to or the consent of the Guarantors:

(1) the genuineness, validity, regularity or enforceability of the Notes, the Note Purchase Agreements or any other agreement or any of the terms of any thereof, the continuance of any obligation on the part of the Company, any other Guarantors or any other Person on or in respect of the Notes or under the Note Purchase Agreements or any other agreement or the power or authority or the lack of power or authority of the Company to issue the Notes or the Company to execute and deliver the Note Purchase Agreements or any other agreement or of any other Guarantors to execute and deliver this Guaranty or any other agreement or to perform any of its obligations hereunder or the existence or continuance of the Company or any other Person as a legal entity; or

(2) any default, failure or delay, willful or otherwise, in the performance by the Company, any other Guarantor or any other Person of any obligations of any kind or character

whatsoever under the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(3) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Company, any other Guarantor or any other Person or in respect of the property of the Company, any other Guarantor or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Company, any other Guarantor or any other Person; or

(4) impossibility or illegality of performance on the part of the Company, any other Guarantor or any other Person of its obligations under the Notes, the Note Purchase Agreements, this Guaranty or any other agreements; or

(5) in respect of the Company, any other Guarantors or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Company, any other Guarantors or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other *force majeure*, whether or not beyond the control of the Company, any other Guarantors or any other Person and whether or not of the kind hereinbefore specified; or

(6) any attachment, claim, demand, charge, Lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, Debt, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against the Company, any Guarantor or any other Person or any claims, demands, charges or Liens of any nature, foreseen or unforeseen, incurred by the Company, any Guarantor or any other Person, or against any sums payable in respect of the Notes or under the Note Purchase Agreements or this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided; or

(7) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Company, any Guarantor or any other Person of its respective obligations under or in respect of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(8) the failure of any Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty; or

(9) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to any Guarantor of failure of the Company, any Guarantor or any other Person to keep and perform any obligation, covenant or agreement under the terms of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or failure to resort for payment to the Company, any other Guarantor or to any other Person or to any other guaranty or to any property, security, Liens or other rights or remedies; or

(10) the acceptance of any additional security or other guaranty, the advance of additional money to the Company or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Note Purchase Agreements or any other agreement, or the sale, release, substitution or exchange of any security for the Notes; or

(11) any merger or consolidation of the Company, any other Guarantor or any other Person into or with any other Person or any sale, lease, transfer or other disposition of any of the assets of the Company, any other Guarantor or any other Person to any other Person, or any change in the ownership of any shares of the Company, any other Guarantor or any other Person; or

(12) any defense whatsoever that: (i) the Company or any other Person might have to the payment of the Notes (principal, Make-Whole Amount, if any, or interest), other than payment thereof in Federal or other immediately available funds, or (ii) the Company or any other Person might have to the performance or observance of any of the provisions of the Notes, the Note Purchase Agreements or any other agreement, whether through the satisfaction or purported satisfaction by the Company, any other Guarantor or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding-up or otherwise, other than the defense of indefeasible payment in full in cash of the Notes; or

(13) any act or failure to act with regard to the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or anything which might vary the risk of any Guarantor or any other Person; or

(14) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor or any other Person in respect of the obligations of any Guarantor or other Person under this Guaranty or any other agreement, other than the defense of indefeasible payment in full in cash of the Notes;

provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty and the parties hereto that the obligations of each Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except pursuant to **Section 13** hereof and by the payment of the principal of, Make-Whole Amount, if any, and interest on the Notes in accordance with their respective terms whenever the same shall become due and payable as in the Notes provided and all other sums due and payable under the Note Purchase Agreements, at the place specified in and all in the manner and with the effect provided in the Notes and the Note Purchase Agreements, as each may be amended or modified from time to time. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries

may be had hereunder as and when, from time to time, the Company shall default under or in respect of the terms of the Notes or the Note Purchase Agreements and that notwithstanding recovery

hereunder for or in respect of any given default or defaults by the Company under the Notes or the Note Purchase Agreements, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(d) All rights of any Holder may be transferred or assigned at any time and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note in accordance with the Note Purchase Agreements whether with or without the consent of or notice to the Guarantors under this Guaranty or to the Company.

(e) To the extent of any payments made under this Guaranty, the Guarantors shall be subrogated to the rights of the Holder or Holders upon whose Notes such payment was made, but each Guarantor covenants and agrees that such right of subrogation shall be junior and subordinate in right of payment to the prior indefeasible final payment in cash in full of all amounts due and owing by the Company with respect to the Notes and the Note Purchase Agreements and by the Guarantors under this Guaranty, and the Guarantors shall not take any action to enforce such right of subrogation, and the Guarantors shall not accept any payment in respect of such right of subrogation, until all amounts due and owing by the Company under or in respect of the Notes and the Note Purchase Agreements and all amounts due and owing by the Guarantors hereunder have indefeasibly been finally paid in cash in full. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the indefeasible payment in cash in full (or other satisfaction agreed to by the Holders) of the Notes and all other amounts payable under the Notes, the Note Purchase Agreements and this Guaranty, such amount shall be held in trust for the benefit of the Holders and shall, except to the extent the Holders have received payment, promptly be paid to the Holders to be credited and applied to the amounts due or to become due with respect to the Notes and all other amounts payable under the Note Purchase Agreements and this Guaranty, whether matured or unmatured. Each Guarantor acknowledges that it has received direct and indirect benefits from the financing arrangements contemplated by the Note Purchase Agreements and that the waiver set forth in this paragraph (e) is knowingly made as a result of the receipt of such benefits.

(f) To the extent of any payments made under this Guaranty, each Guarantor making such payment shall have a right of contribution from the other Guarantors, but such Guarantor covenants and agrees that such right of contribution shall be subordinate in right of payment to the rights of the Holders for which full payment has not been made or provided for and, to that end, such Guarantor agrees not to claim or enforce any such right of contribution unless and until all of the Notes and all other sums due and payable under the Note Purchase Agreements have been fully and irrevocably paid and discharged.

(g) Each Guarantor agrees that to the extent the Company, any other Guarantor or any other Person makes any payment on any Note, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered,

rescinded, or otherwise defeased or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantors' obligations hereunder, as if said payment had not been made. The liability of the Guarantors hereunder shall not be reduced or discharged, in whole or in part, by any payment to any Holder from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(h) No Holder shall be under any obligation: (1) to marshal any assets in favor of the Guarantors or in payment of any or all of the liabilities of the Company under or in respect of the Notes or the obligations of the Guarantors hereunder or (2) to pursue any other remedy that the Guarantors may or may not be able to pursue themselves and that may lighten the Guarantors' burden, any right to which each Guarantor hereby expressly waives.

(i) The obligations of each Guarantor under this Guaranty rank *pari passu* in right of payment with all other Debt of such Guarantor which is not secured or which is not expressly subordinated in right of payment to any other unsecured Debt of such Guarantor.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS.

Each Guarantor represents and warrants to each Holder that:

(a) Such Guarantor is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on (1) the business, operations, affairs, financial condition, assets or properties of the Company and its subsidiaries, taken as a whole, or (2) the ability of such Guarantor to perform its obligations under this Guaranty, or (3) the validity or enforceability of this Guaranty. Such Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

(b) This Guaranty has been duly authorized by all necessary action on the part of such Guarantor, and upon execution and delivery of this Guaranty and of the Note Purchase Agreements and receipt of consideration for the Note Purchase Agreements and the Notes, this Guaranty will constitute a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the

enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance by such Guarantor of this Guaranty will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor under any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, charter document or by-law, or any other material agreement or instrument to which such Guarantor is bound or by which such Guarantor or any of its properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Guarantor or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the such Guarantor.

(d) No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Guarantor is required in connection with the execution, delivery or performance by such Guarantor of this Guaranty.

(e) Such Guarantor has capital not unreasonably small in relation to its business or any contemplated or undertaken transaction and has assets having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due and greater than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured. Such Guarantor does not intend to incur, or believe or should have believed that it will incur, debts beyond its ability to pay such debts as they become due. Such Guarantor will not be rendered insolvent by the execution and delivery of, and performance of its obligations under, this Guaranty. Such Guarantor does not intend to hinder, delay or defraud its creditors by or through the execution and delivery of, or performance of its obligations under, this Guaranty.

SECTION 6. GUARANTOR COVENANTS.

From and after the date of issuance of the Notes by the Company and continuing so long as any amount remains unpaid thereon each Guarantor agrees to comply with the terms and provisions of Sections 9.1, 9.2, 9.3, 9.4 and 9.5 of the Note Purchase Agreements, insofar as such provisions apply to such Guarantor, as if said Sections were set forth herein in full.

SECTION 7. [RESERVED]

SECTION 8. GOVERNING LAW.

(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

(b) Each Guarantor hereby

(1) irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Guaranty may be litigated in such courts, and

(2) waives any objection which it may have based on improper venue or *forum non conveniens* to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and

(3) consents that all such service of process be made by delivery to it at the address of such Person set forth in Section 11 below or to its agent referred to below at such agent's address set forth below (with a courtesy copy to such Guarantor at the address set forth in Section 11) and that service so made shall be deemed to be completed upon actual receipt. Each Guarantor hereby irrevocably appoints CT Corporation System, with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent for the purpose of accepting service of any process within the State of New York. Nothing contained in this section shall affect the right of any Holder to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against a Guarantor or to enforce a judgment obtained in the courts of any other jurisdiction.

(c) The parties hereto waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between them arising out of, connected with, related to or incidental to the relationship established between them in connection with this Guaranty, any financing agreement, any loan party document or any other instrument, document or agreement executed or delivered in connection herewith or the transactions related hereto. The parties hereto hereby agree and consent that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that any of them may file an original counterpart or a copy of this Guaranty with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

SECTION 9. [RESERVED]

SECTION 10. AMENDMENTS, WAIVERS AND CONSENTS.

(a) This Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Required Holders.

(b) The Guarantors will provide each Holder (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantors will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the

provisions of this **Section 10** to each Holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Holders.

(c) The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of fee or otherwise, or grant any security, to any Holder as consideration for or as an inducement to the entering into by any Holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Holder even if such Holder did not consent to such waiver or amendment.

(d) Any amendment or waiver consented to as provided in this Section 10 applies equally to all Holders and is binding upon them and upon each future holder and upon the Guarantors. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon.: No course of dealing between the Guarantors and any Holder nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any Holder. As used herein, the term "this Guaranty" and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

(e) Solely for the purpose of determining whether the Holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty, Notes directly or indirectly owned by any Guarantor, the Company or any of their respective subsidiaries or Affiliates shall be deemed not to be outstanding.

SECTION 11. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(1) if to an Initial Note Purchaser or such Initial Note Purchaser's nominee, to such Initial Note Purchaser or such Initial Note Purchaser's nominee at the address specified for such communications in Schedule A to the Note Purchase Agreements, or at such other address as such Initial Note Purchaser or such Initial Note Purchaser's nominee shall have specified to any Guarantor or the Company in writing,

(2) if to any other Holder, to such Holder at such address as such Holder shall have specified to any Guarantor or the Company in writing, or

(3) if to any Guarantor, to such Guarantor c/o the Company at its address set forth at the beginning of the Note Purchase Agreements to the attention of Corporate Treasurer, or at such other address as such Guarantor shall have specified to the Holders in writing. Notices under this **Section 11** will be deemed given only when actually received.

SECTION 12. MISCELLANEOUS.

(a) No remedy herein conferred upon or reserved to any Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any Holder to exercise any remedy reserved to it under the Guaranty, it shall not be necessary for such Holder to physically produce its Note in any proceedings instituted by it or to give any notice, other than such notice as may be herein expressly required.

(b) The Guarantors will pay all sums becoming due under this Guaranty by the method and at the address specified in the Note Purchase Agreements, or by such other method or at such other address as any Holder shall have from time to time specified to the Guarantors in writing for such purpose, without the presentation or surrender of this Guaranty or any Note.

(c) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

(d) If the whole or any part of this Guaranty shall be now or hereafter become unenforceable against any one or more of the Guarantors for any reason whatsoever or if it is not executed by any one or more of the Guarantors, this Guaranty shall nevertheless be and remain fully binding upon and enforceable against each other Guarantor as if it had been made and delivered only by such other Guarantors.

(e) This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns so long as its Notes remain outstanding and unpaid.

(f) This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

SECTION 13. RELEASE.

Notwithstanding anything that may be contained herein to the contrary, the Holders agree that, in accordance with Section 2.2(e) of the Note Purchase Agreements, this Guaranty shall be automatically released and discharged without the necessity of further action on the part of the Holders if, and to the extent, the corresponding guaranty given pursuant to the terms of the Bank Credit Agreement is released and discharged; *provided* that in the event the Guarantor shall again become obligated under or with respect to the previously discharged Guaranty pursuant to the terms and provisions of the Guaranty, the Bank Credit Agreement or any additional bank loan agreement entered into by the Company pursuant

to which such lenders make available to the Company credit facilities which are *pari passu* with the Notes, then the obligations of such Guarantor under this Guaranty shall be reinstated and any release thereof previously given shall be deemed null and void, and such Guaranty shall again benefit the Holders on an equal and *pro rata* basis and such Guaranty shall once again be subject to the terms of the lntercreditor Agreement. Any release by the Holders shall be deemed to have occurred concurrently with the release and discharge under the Bank Credit Agreement. The Company shall promptly notify the Holders of any release of a Subsidiary Guaranty pursuant to this Section 13 and shall deliver evidence of any release or discharge of a guaranty or Lien in customary form.

[Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has caused this Subsidiary Guaranty to be duly executed by an authorized representative as of this day of August, 2008.

AMERICAN STERILIZER COMPANY
STERIS EUROPE, INC. STERIS INC.
HTD HOLDING CORP.
HSTD LLC
HAUSTED, INC.
ISOMEDIX INC.
ISOMEDIX OPERATIONS INC.
STERILTEK, INC.
STERILTEK HOLDINGS, INC.
STERIS ISOMEDIX SERVICES, INC.
STRATEGIC TECHNOLOGY ENTERPRISES, INC.

By:
Name: William L. Aamoth
Title: Vice President & Treasurer
STRATEGIC TECHNOLOGY ENTERPRISES, INC.

By:

Name: William L. Aamoth
Title: Treasurer

ACCEPTED AND AGREED: STERIS CORPORATION

By:

Name: William L. Aamoth
Title: Vice President & Corporate Treasurer

STERIS CORPORATION

$200,000,000
$47,500,000 3.20% SENIOR NOTES, SERIES A-1A, DUE DECEMBER 4, 2022
$47,500,000 3.20% SENIOR NOTES, SERIES A-1B, DUE DECEMBER 4, 2022
$40,000,000 3.35% SENIOR NOTES, SERIES A-2A, DUE DECEMBER 4, 2024
$40,000,000 3.35% SENIOR NOTES, SERIES A-2B, DUE DECEMBER 4, 2024
$12,500,000 3.55% SENIOR NOTES, SERIES A-3A, DUE DECEMBER 4, 2027
$12,500,000 3.55% SENIOR NOTES, SERIES A-3B, DUE DECEMBER 4, 2027

NOTE PURCHASE AGREEMENT

Dated as of December 4, 2012

TABLE OF CONTENTS

(Not a part of the Agreement)

STERIS CORPORATION
5960 HEISLEY ROAD
MENTOR, OHIO 44060-1834

$47,500,000 3.20% SENIOR NOTES, SERIES A-1A, DUE DECEMBER 4, 2022
$47,500,000 3.20% SENIOR NOTES, SERIES A-1B, DUE DECEMBER 4, 2022
$40,000,000 3.35% SENIOR NOTES, SERIES A-2A, DUE DECEMBER 4, 2024
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$12,500,000 3.55% SENIOR NOTES, SERIES A-3A, DUE DECEMBER 4, 2027
$12,500,000 3.55% SENIOR NOTES, SERIES A-3B, DUE DECEMBER 4, 2027

Dated as of December 4, 2012

TO THE PURCHASER LISTED IN THE ATTACHED
SCHEDULE A WHO IS A SIGNATORY HERETO:

Ladies and Gentlemen:

STERIS Corporation, an Ohio corporation (the *"Company"*), agrees with you as follows:

SECTION 1. AUTHORIZATION OF NOTES .

Section 1.1. *Series A Notes* . The Company will authorize the issuance and sale of:

(a) $47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the *"Series A-1A Notes"*),

(b) $47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the *"Series A-1B Notes"*),

(c) $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the *"Series A-2A Notes"*),

(d) $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2B, due December 4, 2024(the *"Series A-2B Notes"*),

(e) $12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the *"Series A-3A Notes"*) and

(f) $12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3, due December 4, 2027 (the *"Series A-3B Notes"*; the Series A-1A Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A Notes and the Series A-3B Notes are hereinafter referred to as the *"Series A Notes"*).

The Series A Notes shall be substantially in the form set out in **Exhibit 1-A-1**, **Exhibit 1-A-2**, **Exhibit 1-B-1, Exhibit 1-B-2, Exhibit 1-C-1** and **Exhibit 1-C-2**, respectively, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in **Schedule B**; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 1.2. Subsequent Series . Subsequent Series of promissory notes (collectively, the *"Supplemental Notes"*) may be issued pursuant to Supplemental Note Purchase Agreements as provided in **Section 2.3** in an aggregate principal amount not to exceed $200,000,000 and: (a) shall be sequentially identified as "Series B Notes", "Series C Notes", "Series D Notes" *et seq.* and may consist of more than one different and separate tranches, but all such different and separate tranches of the same Series shall constitute one Series; (b) shall be in the aggregate principal amount of not less than $25,000,000 per each such series, (c) shall be dated the date of such Supplemental Note Purchase Agreement, (d) shall bear interest from such date at the rate per annum to be determined as of such date, (e) shall bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and, to the extent permitted by law, on any overdue installment of interest at the stated rate plus 2%, (f) shall be subject to required amortization, if any, and optional prepayments, and (g) shall be expressed to mature on the stated maturity date, all as set forth in the Supplemental Note Purchase Agreement relating thereto and shall otherwise be substantially in the form attached hereto as **Exhibit 1.2**; *provided*, no Supplemental Notes shall be issued if at the time of issuance thereof and after giving effect to the application of proceeds therefor, any Default or Event of Default shall have occurred and be continuing. The Series A Notes, and the Supplemental Notes are herein sometimes collectively referred to as the "Notes." As used herein, the term "Notes" shall include, without limitation, each Note delivered pursuant to this Agreement, the Other Agreements and any other Supplemental Note Purchase Agreement at the Closing and/or at any Supplemental Closing and each Note delivered in substitution or exchange for any such Note pursuant hereto.

SECTION 2. SALE AND PURCHASE OF NOTES; SUBSEQUENT SALES .

Section 2.1. Initial Sale of Notes . Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in **Section 3**, Series A Notes in the principal amount and of the tranche specified opposite your name in **Schedule A** at the purchase price of 100% of the principal amount

thereof. Contemporaneously with entering into this Agreement, the Company is entering into separate Note Purchase Agreements (the *"Other Agreements"*) identical with this Agreement with each of the other purchasers named in Schedule A (the *"Other Purchasers"*), providing for the sale at such Closing to each of the Other Purchasers of Series A Notes in the principal amount and of the tranche specified opposite its name in **Schedule A**. You and the Other Purchasers are herein sometimes collectively referred to as the *"Initial Purchasers"*. Your obligation hereunder, and the obligations of the Other Purchasers under the Other Agreements, are several and not joint obligations, and you shall have no obligation under any Other Agreement and no liability to any Person for the performance or nonperformance by any Other Purchaser thereunder. Without limiting the foregoing, the Company understands and agrees that your commitment and that of the Other Purchasers under the Other Agreements to purchase the Series A Notes as herein and therein contemplated does not constitute a commitment, obligation or indication of interest to purchase any Supplemental Notes.

Section 2.2. Guarantees. (a) The payment by the Company of all amounts due with respect to the Notes and the performance by the Company of its obligations under this Agreement and the Other Agreements will be absolutely and unconditionally guaranteed by American Sterilizer Company, a Pennsylvania corporation, STERIS Inc., a Delaware corporation, Isomedix Operations Inc., a Delaware corporation, STERIS Isomedix Services, Inc., a Delaware corporation, United States Endoscopy Group, Inc., an Ohio corporation and Spectrum Surgical Instruments Corp, an Ohio corporation (together with any additional Subsidiary who delivers a guaranty pursuant to **Section 9.7**, the *"Subsidiary Guarantors"*) pursuant to the guaranty agreement substantially in the form of **Exhibit 2.2(a)** attached hereto and made a part hereof (as the same may be amended, modified, extended or renewed, the *"Subsidiary Guaranty"*).

(b) Any pledge agreements, instruments, documents and agreements pursuant to which the Company or any Subsidiary agrees to grant Liens in favor of the KeyBank National Association or a replacement or substitute national banking association, as collateral agent (the *"Collateral Agent"*) for the ratable benefit of the Creditors are hereinafter referred to as the *"Collateral Documents"*. The Collateral Documents and the Subsidiary Guaranty are hereinafter collectively referred to as the *"Security Documents."*

(c) The enforcement of the rights and benefits in respect of the Security Documents and the allocation of proceeds thereof will be subject to an amended and restated intercreditor agreement dated as of August 15, 2008 entered into by the Agent on behalf of the Banks, a majority in aggregate principal amount of the 2003 Noteholders, the 2008 Noteholders, and the Collateral Agent, and joined by you and the Other Purchasers, substantially in the form of **Exhibit 2.2(c)** attached hereto and made a part hereof (as the same may be further amended, supplemented, restated or otherwise modified or replaced from time to time, the *"Intercreditor Agreement"*).

(d) If at any time the Company or any Subsidiary shall grant to any one or more of the Agent, the Banks, the 2008 Noteholders or the 2003 Noteholders security of any kind or provide any one or more of the Agent, the Banks, the 2008 Noteholders or the 2003 Noteholders with additional guaranties or other credit support of any kind pursuant to the requirements of the Bank Credit Agreement, the 2008 Note Purchase Agreements or the 2003 Note Purchase Agreements, then the Company or such Subsidiary shall grant to the holders of the Notes the same security or guaranty so that the holders of the Notes shall at all times be secured on an equal and pro rata basis with the Banks, the holders of the 2008 Notes and the holders of the 2003 Notes pursuant to the Intercreditor Agreement. All such additional guaranties shall be given to the holders of the Notes pursuant to **Section 9.7** of this Agreement.

(e) The holders of the Notes agree that the obligations of any Subsidiary under the Subsidiary Guaranty and the Liens of the Collateral Documents in respect of all or any part of the Collateral therein described shall be automatically released and discharged without the necessity of further action on the part of the holders of the Notes if, and to the extent, the corresponding guaranty or Lien given pursuant to the terms of the Bank Credit Agreement, the 2008 Note Purchase Agreements and the 2003 Note Purchase Agreements is released and discharged, *provided* that in the event the Company or any Subsidiary shall again become obligated under or with respect to the previously discharged Subsidiary Guaranty or again grant the discharged Lien, as the case may be, pursuant to the terms and provisions of the Subsidiary Guaranty, a Collateral Document, the Bank Credit Agreement, the 2008 Note Purchase Agreements or the 2003 Note Purchase Agreements or any additional bank loan agreement entered into by the Company pursuant to which such lenders make available to the Company credit facilities which are *pari passu* with the Notes, then the Lien granted by the Company or its Subsidiaries under a Collateral Document or obligations of such Subsidiary under the Subsidiary Guaranty, as the case may be, shall be reinstated and any release thereof previously given shall be deemed null and void, and such Subsidiary Guaranty shall again benefit the holders of the Notes on an equal and *pro rata* basis and such reinstated Lien and Subsidiary Guaranty shall once again be subject to the terms of the Intercreditor Agreement. Any release by the holders of the Notes under this **Section 2.2(e)** shall be deemed to have occurred concurrently with the release and discharge under the Bank Credit Agreement. Further, any reinstatement of a Subsidiary Guaranty or Lien pursuant to the terms hereof shall comply with the terms of **Sections 9.7** and **9.8** hereof. The Company shall promptly notify the holders of the Notes of any release of a Subsidiary Guaranty pursuant to this **Section 2.2(e)** and shall deliver evidence of any release or discharge of a guaranty or Lien in customary form.

Section 2.3. Subsequent Sales . At any time, and from time to time, the Company and one or more Eligible Purchasers may enter into an agreement substantially in the form of the Supplemental Note Purchase Agreement attached hereto as **Exhibit 2.3** (a "*Supplemental Note Purchase Agreement*") in which the Company shall agree to sell to each such Eligible Purchaser

named on the Supplemental Purchaser Schedule attached thereto (collectively, the *"Supplemental Purchasers"*) and, subject to the terms and conditions herein and therein set forth, each such Supplemental Purchaser shall agree to purchase from the Company the aggregate principal amount of the Series of Supplemental Notes (which series shall be at least $25,000,000 and may consist of more than one different and separate tranches, but all such different and separate tranches of the same Series shall constitute one Series) described in such Supplemental Note Purchase Agreement and set opposite such Supplemental Purchaser's name in the Supplemental Purchaser Schedule attached thereto at the price and otherwise under the terms set forth in such Supplemental Note Purchase Agreement. The sale of the Supplemental Notes of the Series described in such Supplemental Note Purchase Agreement will take place at the location, date and time set forth therein at a closing (a *"Supplemental Closing"*). At such Supplemental Closing the Company will deliver to each such Supplemental Purchaser one or more Notes of the Series to be purchased by such Supplemental Purchaser registered in such Supplemental Purchaser's name (or in the name of its nominee), evidencing the aggregate principal amount of Notes of such Series to be purchased by such Supplemental Purchaser and in the denomination or denominations specified with respect to such Supplemental Purchaser in such Supplemental Purchaser Schedule against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account on the date of such Supplemental Closing (a *"Supplemental Closing Date"*) (as specified in a notice to each such Supplemental Purchaser at least three Business Days prior to such Supplemental Closing Date).

SECTION 3. EXECUTION DATE; INITIAL CLOSINGS .

The execution and delivery of this Agreement and the Other Agreements will be made at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603 on December 4, 2012 (the *"Execution Date"*).

The sale and purchase of the Series A Notes to be purchased by you and the Other Purchasers shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, IL 60603, at 10:00 a.m. (Chicago time), at not more than two closings (individually an *"Initial Closing"* and, collectively, the *"Initial Closings"*). The first Initial Closing, at which Initial Closing the Series A-1A Notes, the Series A-2A Notes and the Series A-3A Notes are, subject to this **Section 3** and **Section 4**, to be purchased, shall be held on December 4, 2012 or on such other Business Day thereafter on or prior to December 6, 2012 as may be agreed upon by the Company and the Initial Purchasers (the *"First Initial Closing"*); the second Initial Closing, at which Initial Closing the Series A-1B Notes, the Series A-2B Notes and the Series A-3B Notes are, subject to this **Section 3** and **Section 4**, to be purchased, shall be held on February 4, 2013 or on such other Business Day thereafter on or prior to February 6, 2013 as may be agreed upon by the Company and the Initial Purchasers (the *"Second Initial Closing"*). At each Initial Closing the Company will deliver to you

the Series A Notes in the tranche to be purchased by you in the form of a single Series A Note for each tranche of the Notes to be purchased by you (or such greater number of Series A Notes in denominations of at least $200,000 as you may request) dated the date of the Initial Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to its account at PNC Bank, as referred to in the written instructions delivered pursuant to **Section 4.12** hereof. If at the Initial Closing the Company shall fail to tender such Series A Notes to you as provided above in this **Section 3**, or any of the conditions specified in **Section 4** shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment. The Initial Closing and each Supplemental Closing are hereinafter sometimes each referred to as *"Closing."*

SECTION 4. CONDITIONS TO CLOSING .

Your obligation to execute and deliver this Agreement at the Execution Date is subject to the representations and warranties of the Company in this Agreement being correct when made on the Execution Date. The obligations of each Initial Purchaser to purchase and pay for the Series A Notes to be sold at an Initial Closing is subject to the fulfillment to your satisfaction prior to or on the date of such Initial Closing to the following conditions set forth in this **Section 4.** Each Supplemental Purchaser's obligation to execute and deliver a Supplemental Note Purchase Agreement and the obligations of each Supplemental Purchaser to purchase and pay for the Notes to be sold at the applicable Supplemental Closing is subject to the fulfillment to such Supplemental Purchasers' satisfaction prior to or on the date of such Closing, of the following conditions set forth in this **Section 4**.

Section 4.1. Representations and Warranties . (a) The representations and warranties of the Company in this Agreement shall be correct when made on the date of such Initial Closing (or if such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), and, in the case of any Supplemental Closing, the representations and warranties of the Company in this Agreement, as modified by any amendment, supplement or superseding provision pursuant to the Supplemental Note Purchase Agreement shall be correct when made on the date of such Supplemental Closing (or if such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(b) The representations and warranties of each Subsidiary Guarantor in the Subsidiary Guaranty shall be correct when made on the date of such Initial Closing (or if such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date),

and, in the case of any Supplemental Closing, the representations and warranties of the Subsidiary Guarantor, as modified by any amendment, supplement or superseding provision pursuant to any supplemental agreement shall be correct when made on the date of such Supplemental Closing (or if such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

Section 4.2. Performance; No Default . (a) The Company shall have performed and complied with all material agreements and conditions contained in this Agreement (or in the applicable Supplemental Note Purchase Agreement) required to be performed or complied with by it prior to or at the time of such applicable Closing, and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by **Schedule 5.14**), no Default or Event of Default shall have occurred and be continuing.

(b) Each Subsidiary Guarantor shall have performed and complied with all material agreements and conditions contained in the Subsidiary Guaranty required to be performed and complied with by it prior to or at the time of such applicable Closing, and after giving effect to the issue and sale of Notes (and the application of the proceeds thereof as contemplated by **Schedule 5.14**), no Default or Event of Default shall have occurred and be continuing.

Section 4.3. Compliance Certificates .

(a) *Officer's Certificate*. The Company shall have delivered to you an Officer's Certificate, dated the date of such applicable Closing, certifying that the conditions specified in **Sections 4.1(a), 4.2(a)** and **4.11** have been fulfilled.

(b) *Subsidiary Guarantor Officer's Certificate.* Each Subsidiary Guarantor shall have delivered to you a certificate of an authorized officer, dated the date of such applicable Closing certifying that the conditions set forth in **Sections 4.1(b)**, **4.2(b)** and **4.11** have been fulfilled.

(c) *Authorization Certificate*. The Company shall have delivered to you a certificate dated the date of such applicable Closing certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes, the Agreement, the Other Agreements or the Supplemental Note Purchase Agreement, as the case may be, and the Security Documents to which it is a party.

(d) *Subsidiary Guarantor Authorization Certificate*. Each Subsidiary Guarantor shall have delivered to you a certificate dated the date of such applicable Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Subsidiary Guaranty.

Section 4.4. Opinions of Counsel . You shall have received opinions in form and substance satisfactory to you, dated the date of such applicable Closing (a) from Jones Day, counsel for the Company and the Subsidiary Guarantors, and/or such other counsel for the Company and the Subsidiary Guarantors, which may include in-house counsel, covering the matters set forth in **Exhibit 4.4(a)** (and the Company hereby instructs its counsel to deliver such opinion to you) and (b) from Chapman and Cutler LLP, your special counsel in connection with such transactions, substantially in the form set forth in **Exhibit 4.4(b)** and covering such other matters incident to such transactions as you may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc . On the date of such applicable Closing your purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date of the applicable Closing. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes . Contemporaneously with such applicable Closing, the Company shall sell to the Other Purchasers, and the Other Purchasers shall purchase, the Notes to be purchased by them at such Closing as specified in **Schedule A** to this Agreement or the Supplemental Note Purchase Agreement, as the case may be.

Section 4.7. Bank Credit Agreement, Security Documents, Etc . (a) All necessary consents, joinders and acknowledgements relating to the Bank Credit Agreement, the 2008 Note Purchase Agreements, the 2003 Note Purchase Agreements, the Security Documents and the Intercreditor Agreement shall be in form and substance satisfactory to you and your special counsel, shall have been duly executed and delivered by the parties thereto and shall be in full force and effect and you shall have received true, correct and complete copies of each thereof.

(b) At each Supplemental Closing, the Security Documents (including, without limitation, the Subsidiary Guaranty) and the Intercreditor Agreement shall be amended and/or supplemented as necessary to include the Supplemental Notes thereunder.

Section 4.8. [Reserved] .

Section 4.9. ***[****Reserved]***

Section 4.10. Private Placement Number . A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for each tranche of the Series of Notes then to be issued.

Section 4.11. Changes in Corporate Structure . Other than as permitted by the terms of this Agreement after the Execution Date, the Company and the Subsidiary Guarantors shall not have changed their jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in **Schedule 5.5**.

Section 4.12. Funding Instructions . At least three Business Days prior to the date of such Closing, you shall have received written instructions executed by a Responsible Officer of the Company directing the manner of the payment of funds and setting forth (a) the name and address of the transferee bank, (b) such transferee bank's ABA number, (c) the account name and number into which the purchase price for the Notes is to be deposited, (d) the name and telephone number of the account representative responsible for verifying receipt of such funds and (e) any other information that may be required to effect such transfer.

Section 4.13. Proceedings and Documents . All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY .

The Company represents and warrants to you on the Execution Date and the date of each Initial Closing those representations and warranties set forth in **Sections 5.1** through **Section 5.17**:

The Purchasers and the holders of the Notes recognize and acknowledge that the Company may supplement or amend, as appropriate, the following representations and warranties, as well as the schedules related thereto, pursuant to a Supplemental Note Purchase Agreement on the date of each Supplemental Closing; *provided* that no such supplement or amendment to any representation or warranty applicable to any Supplemental Closing shall change or otherwise modify or be deemed or construed to change or otherwise modify any representation or warranty given on the Execution

Date or on any Initial Closing or any determination of the falseness or inaccuracy thereof within the limitations of **Section 11(e)**.

Section 5.1. Organization; Power and Authority . The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Other Agreements, the Notes and the Security Documents to which it is a party and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc . This Agreement, the Other Agreements, the Notes and the Security Documents to which it is a party have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof and upon receipt of consideration therefor each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure . The Company, through its agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated has delivered to you and each Other Purchaser a copy of a Private Placement Memorandum, dated October 29, 2012 as amended or supplemented (the *"Memorandum"*), relating to the transactions contemplated hereby. This Agreement, the Memorandum, the Securities and Exchange Commission filings, press releases and other documents identified in **Schedule 5.3** and the financial statements listed in **Schedule 5.5**, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made. Since March 31, 2012, there has been no change in the financial condition, operations, business or properties of the Company or any of its Subsidiaries except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, except as disclosed in **Schedule 5.8**.

Section 5.4. Organization a*nd Ownership of Shares of Subsidiaries* . (a) **Schedule 5.4** is (except as noted therein) a complete and correct list (i) of the Company's

Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary and (ii) of the Company's Restricted Subsidiaries.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in **Schedule 5.4** as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in **Schedule 5.4** and except for Liens permitted by **Section 10.3(e)**).

(c) Each Subsidiary identified in **Schedule 5.4** is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

Section 5.5. Financial Statements . The Company has made available to each Purchaser copies of the consolidated financial statements of the Company and its Subsidiaries included in those reports listed on **Schedule 5.5**. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such financial statements and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

Section 5.6. Compliance with Laws, Other Instruments, Etc . The execution, delivery and performance by the Company of this Agreement, the Other Agreements, the Notes and the Security Documents to which its is a party will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Restricted Subsidiary (except the creation of Liens contemplated by the Collateral Documents) under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company or any Restricted Subsidiary is bound or by which the Company or any Restricted Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach

of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Restricted Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Restricted Subsidiary.

Section 5.7. Governmental Authorizations, Etc . No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Company is required in connection with the execution, delivery or performance by the Company of this Agreement, the Other Documents, the Notes or the Security Documents to which it is a party.

S*ection 5.8. Litigation; Observance of Statutes and Orders* . (a) Except as disclosed in **Schedule 5.8**, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Restricted Subsidiary or any property of the Company or any Restricted Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Except as disclosed in **Schedule 5.8**, neither the Company nor any Restricted Subsidiary is in default under any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes . The Company and its Restricted Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Restricted Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The federal income tax liabilities of the Company and its Subsidiaries are not subject to further review by the Internal Revenue Service and have been paid, for all fiscal years up to and including the fiscal year ended March 31, 2009.

Section 5.10. Title to Property; Leases . The Company and its Restricted Subsidiaries have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in **Section 5.5** or acquired by the

Company or any Restricted Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement except for those defects in title and Liens that individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc . Except as disclosed in **Schedule 5.11**, the Company and its Restricted Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

Section 5.12. Compliance with ERISA . (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance which have not resulted in and would not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that would reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 436 or 430 of the Code (or the predecessor provisions of Sections 401(a)(29) or 412 of the Code), other than such liabilities or Liens as would not be individually or in the aggregate reasonably be expected to be Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans subject to ERISA (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than $20,000,000. The term "benefit liabilities" has the meaning specified in Section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in Section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under Section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code) of the Company and its Restricted Subsidiaries does not exceed $25,000,000.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this **Section 5.12(e)** is made in reliance upon and subject to the accuracy of your representation in **Section 6.2** as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

Section 5.13. Private Offering by the Company . Neither the Company nor, assuming the accuracy of the Offeree Letters, anyone acting on its behalf has offered the Series A Notes, the Subsidiary Guaranties or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than 20 other Institutional Investors, each of which has been offered the Series A Notes at a private sale for investment. Neither the Company nor, assuming the accuracy of the Offeree Letter, anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes or the Subsidiary Guaranties to the registration requirements of Section 5 of the Securities Act.

Section 5.14. Use of Proceeds; Margin Regulations . The Company will apply the proceeds of the sale of the Series A Notes as set forth in **Schedule 5.14**. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Debt . **Schedule 5.15** sets forth a complete and correct list of all outstanding Debt with an aggregate outstanding principal amount in excess of $10,000,000 (*provided* that the aggregate amount of all such Debt not listed on **Schedule 5.15** does not exceed

$25,000,000) of the Company and its Restricted Subsidiaries as of November 15, 2012, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Restricted Subsidiaries. Neither the Company nor any Restricted Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Restricted Subsidiary and no event or condition exists with respect to any Debt of the Company or any Restricted Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment, other than with respect to any such Debt, a default under which would not individually or in the aggregate have a Material Adverse Effect. **Annex A** to be attached hereto on the date of the Second Initial Closing will correctly describe all outstanding Debt and any Liens securing such Debt of the Company and its Subsidiaries as of the date of the Second Initial Closing. Since the First Initial Closing, there shall have been no Material increase in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries listed on **Schedule 5.15** (other than the inclusion of the Series A-1A Notes, the Series A-2A Notes and the Series A-3A Notes and Debt under the Bank Credit Agreement incurred without increase to the total commitment of the Banks thereunder and for general corporate purposes, including, but not limited to capital expenditures, dividends, share buybacks and acquisitions).

Section 5.16. Foreign Assets Control Regulations, Etc . (a) Neither the Company nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, U.S. Department of Treasury (*"OFAC"*) or a Person that is otherwise subject to an OFAC Sanctions Program (an *"OFAC Listed Person"*) or (ii) a department, agency or instrumentality of, or is otherwise controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (ii), a *"Blocked Person"*).

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used, directly by the Company or indirectly through any Controlled Entity, in connection with any investment in, or any transactions or dealings with, any Blocked Person or for investment in the Iranian energy sector (as defined in section 201 (1) of CISADA).

(c) To the Company's knowledge, neither the Company nor any Controlled Entity (i) is under investigation by any Governmental Authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under any applicable law (collectively, *"Anti-Money Laundering Laws"*), (ii) has been

assessed civil penalties under any Anti-Money Laundering Laws or (iii) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has taken reasonable measures appropriate to the circumstances (in any event as required by applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws.

(d) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage. The Company has taken reasonable measures appropriate to the circumstances (in any event as required by applicable law) to ensure that the Company and each Controlled Entity is in compliance with all applicable current and future anti-corruption laws and regulations.

Section 5.17. Status under Certain Statutes . Neither the Company nor any Subsidiary is an "investment company", nor controlled by an "investment company", required to be registered under the Investment Company Act of 1940, as amended, or is subject to regulation under the Public Utility Holding Company Act of 2005, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

SECTION 6. REPRESENTATIONS OF THE PURCHASER .

Section 6.1. Purchase for Investment . You represent that (i) you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof; *provided* that the disposition and sale of your or their property shall at all times be within your or their control, and (ii) you and any such pension or trust funds are a "qualified institutional buyer" within the meaning of Rule 144A(a)(1) under the Securities Act. You understand that the Notes and the Subsidiary Guaranties have not been, and will not be, registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes and the Subsidiary Guaranties.

Section 6.2. Source of Funds . You represent that at least one of the following statements is an accurate representation as to each source of funds (a *"Source"*) to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (*"PTE"*) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the *"NAIC Annual Statement"*)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed ten percent (10%) of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with your state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with your fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1, or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as have been disclosed by you to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all

other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Section IV of PTE 96-23 (the *"INHAM Exemption"*)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a Person controlling or controlled by the INHAM (applying the definition of "control" in Section IV(d) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this **Section 6.2**, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

SECTION 7. INFORMATION AS TO THE COMPANY .

Section 7.1. Financial and Business Information . The Company shall furnish to each Purchaser and each holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income and cash flows of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments; *provided* that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this **Section 7.1(a)**;

(b) *Annual Statements* — within 140 days after the end of each fiscal year of the Company, copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and *provided* that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this **Section 7.1(b)**;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement that shall have become effective (without exhibits except as expressly requested by such holder), and each final prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in Section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening in writing by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect;

(f) *Unrestricted Subsidiaries* — if and for so long as Unrestricted Subsidiaries contribute in the aggregate 10% or more of the Consolidated Total Assets or 10% or more

of Consolidated EBITDA in any fiscal period of the Company and its consolidated Subsidiaries, then the Company shall be required, within the respective periods provided in **Sections 7.1(a)** and **7.1(b)**, to provide consolidated financial statements of the Company and its Restricted Subsidiaries pursuant to **Sections 7.1(a)** and **7.1(b)**, without taking into consideration the financial statements pertaining to Unrestricted Subsidiaries, together with a table reflecting eliminations or adjustments required to reconcile such financial statements to the financial statements of the Company and its consolidated Subsidiaries, with the effect and result that financial terms and definitions used in determining compliance with financial covenants herein contained shall apply to the Company and its Restricted Subsidiaries, rather than the Company and its consolidated Subsidiaries;

(g) *Requested Information* — with reasonable promptness and subject to **Section 20,** such other available information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes, including any such requests in connection with a formal request by the Securities Valuation Office of the NAIC (or any successor to the duties thereof) related to the assignment or maintenance of a designation of a rating with respect to the Notes;

(h) *Supplemental Note Purchase Agreements* — promptly, and in any event within ten Business Days after the issuance of any Supplemental Notes, a correct and complete copy of the Supplemental Note Purchase Agreement executed in connection with such issuance.

Section 7.2. Officer's Certificate . Each set of financial statements furnished to a holder of Notes pursuant to **Section 7.1(a)** or **Section 7.1(b)** hereof shall be accompanied or preceded by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance* — the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of **Section 10.2** hereof during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) *Event of Default* — a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the

transactions and conditions of the Company and its Restricted Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Electronic Delivery . Financial statements and officers' certificates required to be delivered by the Company to a holder of Notes pursuant to **Sections 7.1(a), (b)** or **(c)** and **Section 7.2** shall be deemed to have been delivered if (i) such financial statements satisfying the requirements of **Section 7.1(a)** or **(b)** and related certificate satisfying the requirements of **Section 7.2** are delivered to the holder of Notes by e-mail at the email address provided to the Company by such holder in writing or (ii) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of **Section 7.1(a)** or **(b)** as the case may be, with the SEC on "EDGAR" and shall have made such Form available on its home page on the worldwide web (at the date of this Agreement located at www.steris.com) and shall have delivered the related certificate satisfying the requirements of **Section 7.2** to the holder of the Notes by e-mail at the email address provided to the Company by such holder in writing or (iii) such financial statements satisfying the requirements of **Section 7.1(a)** or **(b)** and related certificate satisfying the requirements of **Section 7.2** are timely posted by or on behalf of the Company in IntraLinks or on any other similar website to which each holder of Notes has free access or (iv) the Company shall have filed any of the items referred to in **Section 7.1(c)** with the SEC on "EDGAR", and shall have made such items available on its home page on the worldwide web or if any of such items are timely posted by or on behalf of the Company on IntraLinks or any other similar website to which each holder of Notes has free access; *provided however,* that in the case of any of clause (ii), (iii) or (iv) the Company shall concurrently with such filing or posting give notice to each holder of Notes of such posting or filing and *provided further,* that upon request of any holder, the Company will thereafter deliver written copies of such forms, financial statements and certificates to such holder. Each holder shall be responsible for providing its email address to the Company on a timely basis to enable the Company to effect deliveries via email pursuant to clauses (i) or (ii) above. Notwithstanding the foregoing or any Intralinks or similar electronic delivery, the parties agree that the provisions of **Section 20** shall control the actions of the parties with respect to Confidential Information delivered to, or received by, the holders of the Notes.

Section 7.4. Inspection . The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Restricted Subsidiaries with a Senior Financial Officer of the Company, and, with the consent of the Company (which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Restricted Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company and upon reasonable prior notice to the Company, to visit and inspect any of the offices or properties of the Company or any Restricted Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective Senior Financial Officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Restricted Subsidiaries), all at such times and as often as may be reasonably requested in writing.

SECTION 8. PREPAYMENT OF THE NOTES .

Section 8.1. Required Prepayments . No regularly scheduled prepayment of the principal of any tranche of the Series A Notes is required prior to the final maturity thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount . The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, any Series of the Notes, in an amount not less than 10% of the aggregate principal amount of such Series of the Notes then outstanding (but if in the case of a partial prepayment, then against each tranche within such Series of Notes in proportion to the aggregate principal amount outstanding of each tranche of such Series), at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of the Series of Notes to be prepaid written notice of each optional prepayment under this **Section 8.2** not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with **Section 8.3**), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details

of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of the Series of Notes to be prepaid a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Allocation of Partial Prepayments . In the case of any partial prepayment of the Notes of any Series pursuant to **Section 8.2**, the principal amount of the Notes of such Series to be prepaid shall be allocated among each tranche of the Notes of such Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts of each tranche of the Notes of such Series not theretofore called for prepayment.

Section 8.4. Maturity; Surrender, Etc . In the case of each prepayment of Notes of any Series pursuant to this **Section 8**, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes . The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding tranches of the Notes of any Series except (a) upon the payment or prepayment of each tranche of the Notes of such Series in accordance with the terms of this Agreement or the applicable Supplemental Note Purchase Agreement pursuant to which the Notes of such Series were issued or (b) pursuant to an offer to purchase made by the Company or an Affiliate *pro rata* to the holders of all Notes of such Series at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 15 Business Days. If the holders of more than 51% of the principal amount of the Notes of such Series then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such Series of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement or the applicable Supplemental Note Purchase Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount . The term *"Make-Whole Amount"* means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal; *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"*Called Principal*" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to **Section 8.2** or has become or is declared to be immediately due and payable pursuant to **Section 12.1**, as the context requires.

"*Discounted Value*" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"*Reinvestment Yield*" means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (a) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" of the Bloomberg Financial Markets Services Screen (or, if not available, any other national recognized trading screen reporting on-line intraday trading in the U.S. Treasury securities) for actively traded on-the-run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (b) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded on-the-run U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (i) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between (1) the actively traded on-the-run U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded on-the-run U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"*Remaining Average Life*" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (i) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (ii) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"*Remaining Scheduled Payments*" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; *provided* that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to **Section 8.2** or **12.1**.

"*Settlement Date*" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to **Section 8.2** or has become or is declared to be immediately due and payable pursuant to **Section 12.1**, as the context requires.

Section 8.7. Change in Control .

(a) *Notice of Change in Control or Control Event.* Subject to compliance with applicable law and other Company obligations, the Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes unless notice in respect of such Change in Control (or the Change in Control contemplated by such Control Event) shall have been given pursuant to subparagraph (b) of this **Section 8.7**. If a Change in Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (c) of this **Section 8.7** and shall be accompanied by the certificate described in subparagraph (g) of this **Section 8.7**.

(b) *Condition to Company Action.* The Company will not take any action that consummates a Change in Control unless (i) at least 15 Business Days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes as described in subparagraph (c) of this **Section 8.7**, accompanied by the certificate described in subparagraph (g) of this **Section 8.7**, and (ii) subject to subparagraph (d), contemporaneously with the consummation

of such Change in Control, it prepays all Notes required to be prepaid in accordance with this **Section 8.7**.

(c) *Offer to Prepay Notes.* The offer to prepay Notes contemplated by subparagraphs (a) and (b) of this **Section 8.7** shall be an offer to prepay, in accordance with and subject to this **Section 8.7**, all, but not less than all, the Notes held by each holder (in this case only, *"holder"* in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the *"Proposed Prepayment Date"*). If such Proposed Prepayment Date is in connection with an offer contemplated by subparagraph (a) of this **Section 8.7**, such date shall be (subject to subparagraph (f)) not less than 30 days and not more than 120 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(d) *Acceptance/Rejection.* A holder of Notes may accept the offer to prepay made pursuant to this **Section 8.7** by causing a notice of such acceptance to be delivered to the Company on or before the date specified in the certificate described in paragraph (g) of this **Section 8.7.** A failure by a holder of Notes to respond to an offer to prepay made pursuant to this **Section 8.7,** or to accept an offer as to all the Notes held by the holder, within such time period shall be deemed to constitute rejection of such offer by such holder.

(e) *Prepayment.* Prepayment of the Notes to be prepaid pursuant to this **Section 8.7** shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment, but without Make-Whole Amount or other premium. The prepayment shall be made on the Proposed Prepayment Date except as provided in subparagraph (f) of this **Section 8.7**.

(f) *Deferral Pending Change in Control.* The obligation of the Company to prepay Notes pursuant to the offers required by subparagraphs (a) and (b) and accepted in accordance with subparagraph (d) of this **Section 8.7** is subject to the occurrence of the Change in Control in respect of which such offers and acceptances shall have been made. In the event that such Change in Control has not occurred on the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until, and shall be made on, the date on which such Change in Control occurs. Subject to compliance with applicable law and other Company obligations, the Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change in Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change in Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this **Section 8.7** in respect of such Change in Control shall be deemed rescinded).

(g) *Officer's Certificate.* Each offer to prepay the Notes pursuant to this **Section 8.7** shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this **Section 8.7**; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this **Section 8.7** have been fulfilled; (vi) in reasonable detail, the nature and date or proposed date of the Change in Control; and (vii) the date by which any holder of a Note that wishes to accept such offer must deliver notice thereof to the Company, which date shall not be earlier than three Business Days prior to the Proposed Prepayment Date or, in the case of a prepayment pursuant to **Section 8.7(b)**, three Business Days prior to the date of the action referred to in **Section 8.7(b)(i)**.

(h) *Securities Laws.* The Company will comply with all applicable requirements of the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change in Control. To the extent that the provisions of any such securities laws or regulations conflict with the provisions of this **Section 8.7**, the Company will comply with those securities laws and regulations and will not be deemed to have breached its obligations under this **Section 8.7** by virtue of any such conflict.

SECTION 9. AFFIRMATIVE COVENANTS .

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Law . The Company will, and will cause each of its Restricted Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 9.2. Insurance . The Company will, and will cause each of its Restricted Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as the Company reasonably deems prudent.

Section 9.3. Maintenance of Properties . The Company will, and will cause each of its Restricted Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear or any casualty which would not, individually or in the aggregate, have a Material Adverse Effect), so that the business carried on in connection therewith may be properly conducted at all times; *provided* that this Section shall not prevent the Company or any Restricted Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.4. Payment of Taxes . The Company will, and will cause each of its Restricted Subsidiaries to, file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent such taxes and assessments have become due and payable and before they have become delinquent; *provided* that neither the Company nor any Restricted Subsidiary need pay any such tax or assessment if (a) the amount, applicability or validity thereof is contested by the Company or such Restricted Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Restricted Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes and assessments in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc . Except as permitted by **Section 10.4**, the Company will at all times preserve and keep in full force and effect its corporate existence. Except as permitted by **Sections 10.4** and **10.5**, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Restricted Subsidiaries (unless merged into the Company or a Restricted Subsidiary) and all rights and franchises of the Company and its Restricted Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Notes to Rank Pari Passu . The Notes and all other obligations under this Agreement of the Company are and at all times shall rank at least *pari passu* in right of payment with all other present and future unsecured Debt (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Debt of the Company.

Section 9.7. Guaranty by Subsidiaries . The Company will cause each Subsidiary which delivers a Guaranty pursuant to the Bank Credit Agreement, the 2008 Note Purchase Agreements or the 2003 Note Purchase Agreements or becomes an obligor, co-obligor, borrower

or co-borrower under the Bank Credit Agreement, the 2008 Note Purchase Agreements or the 2003 Note Purchase Agreements to concurrently enter into a Subsidiary Guaranty, and within three Business Days thereafter will deliver to each of the holders of the Notes the following items:

(a) an executed counterpart of the joinder agreement pursuant to which such Subsidiary has become bound by the Subsidiary Guaranty;

(b) a certificate signed by the President, a Vice President or another authorized Responsible Officer of such Subsidiary making representations and warranties to the effect of those contained in **Sections 5.1, 5.2, 5.6** and **5.7**, but with respect to such Subsidiary and the Subsidiary Guaranty, as applicable;

(c) such documents and evidence with respect to such Subsidiary as the Required Holders may reasonably request in order to establish the existence and good standing of such Subsidiary and the authorization of the transactions contemplated by the Subsidiary Guaranty; and

(d) an opinion of counsel satisfactory to the Required Holders to the effect that such Subsidiary Guaranty has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such Subsidiary enforceable in accordance with its terms, except as an enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

Section 9.8. Stock Pledges . If at any time, pursuant to the terms and conditions of the Bank Credit Agreement, the 2008 Note Purchase Agreements or the 2003 Note Purchase Agreements, the Company or any existing or newly acquired or formed Subsidiary shall pledge, grant, assign or convey to the Banks, the holders of the 2008 Notes or holders of the 2003 Notes, or any one or more of them, a Lien on the stock of any foreign Subsidiary, the Company or such Subsidiary shall execute and concurrently deliver to the Collateral Agent for the benefit of the holders of the Notes a stock pledge in substantially the same form as delivered to the Banks, the holders of the 2008 Notes or holders of the 2003 Notes, or any one or more of them, or the lien granted for the benefit of the Banks, the holders of the 2008 Notes or holders of the 2003 Notes shall also be for the benefit of the holders of the Notes and the Company shall deliver, or shall cause to be delivered, to the holders of the Notes (a) all such certificates, resolutions, legal opinions and other related items in substantially the same forms as those delivered to and accepted by the Banks, the holders of the 2008 Notes or holders of the 2003 Notes and (b) all such amendments to this Agreement, the Intercreditor Agreement and the Collateral Documents as may reasonably be deemed necessary by the holders of the Notes in order to reflect the existence of such Lien on the shares of

foreign Subsidiary stock and the Company's compliance with the requirements of **Section 9.6** with respect to any such stock pledge granted to or for the benefit of the holders of the Notes and to or for the benefit of the Banks, the holders of the 2008 Notes or the holders of the 2003 Notes.

Section 9.9. Restricted Subsidiaries . (a) Subject to paragraph (b) below the Company will at all times, (i) maintain the aggregate value of the assets of the Company and the then existing Restricted Subsidiaries, at not less than 85% of Consolidated Total Assets and (ii) ensure that not less than 85% of Consolidated EBITDA for each period is attributable to the Company and the then existing Restricted Subsidiaries.

(b) If at any time, (i) the aggregate consolidated value of the assets of the Company and the then existing Restricted Subsidiaries do not together account for 85% or more of Consolidated Total Assets or (ii) less than 85% of Consolidated EBITDA for a period is attributable to the Company and the then existing Restricted Subsidiaries, the Company shall promptly designate, pursuant to **Section 10.7**, such other Subsidiaries of the Company (which would not otherwise be Restricted Subsidiaries) to be Restricted Subsidiaries hereunder so that such 85% thresholds are satisfied.

SECTION 10. NEGATIVE COVENANTS .

The Company covenants that so long as any of the Notes are outstanding:

Section 10.1. [Reserved] .

Section 10.2. Limitations on Debt . (a) The Company will not at any time permit the ratio of (i) Consolidated Total Debt to (ii) Consolidated EBITDA for the immediately preceding four consecutive fiscal quarter period to exceed 3.50 to 1.0.

(b) The Company will not at any time permit Priority Debt to exceed 20% of Consolidated Total Capitalization.

Section 10.3. Limitation on Liens . The Company will not, and will not permit any Restricted Subsidiary to, create or incur, or suffer to be incurred or to exist, any Lien on its or their property or assets, whether now owned or hereafter acquired, or upon any income or profits therefrom, or transfer any property for the purpose of subjecting the same to the payment of obligations in priority to the payment of its or their general creditors, or acquire or agree to acquire, or permit any Restricted Subsidiary to acquire, any property or assets upon conditional sales agreements or other title retention devices, except:

(a) Liens for taxes and assessments or governmental charges or levies and Liens securing claims or demands of mechanics and materialmen; provided that payment thereof

is not at the time required by **Section 9.4** or such Liens are being contested in good faith by the Company or any Restricted Subsidiary;

(b) Liens of or resulting from any judgment or award, (i) the time for the appeal or petition for rehearing of which shall not have expired, or (ii) in respect of which the Company or a Restricted Subsidiary shall at all times in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured; *provided* that the Company or such Restricted Subsidiary (1) is contesting such judgment or award on a timely basis, in good faith and by appropriate proceedings, and (2) has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Restricted Subsidiary, as the case may be;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including Liens in connection with worker's compensation, unemployment insurance and other like laws, warehousemen's and attorneys' liens and statutory and contractual landlords' liens) and Liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other Liens of like general nature, in any such case incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) survey exceptions or minor encumbrances, leases or subleases granted to others, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, (i) which are necessary for the conduct of the activities of the Company and its Restricted Subsidiaries or which customarily exist on properties of corporations engaged in similar activities and similarly situated and (ii) which do not in any event materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries taken as a whole;

(e) Liens created or incurred under the Collateral Documents and Liens granted to the Agent or the Banks in connection with the Bank Credit Agreement which, in each case, are subject to the terms of the Intercreditor Agreement;

(f) Liens existing as of the Execution Date and (1) described on **Schedule 5.15** hereto or (2) securing Debt with an aggregate outstanding principal amount not in excess of $10,000,000;

(g) Liens created or incurred after the Execution Date given to secure the payment of all or a portion of the purchase price incurred in connection with the acquisition or purchase

or the cost of construction of property or of assets useful and intended to be used in carrying on the business of the Company or a Restricted Subsidiary, including Liens existing on such property or assets at the time of acquisition thereof or at the time of completion of construction, as the case may be, whether or not such existing Liens were given to secure the payment of the acquisition or purchase price or cost of construction, as the case may be, of the property or assets to which they attach and any Lien existing on property or assets of a Person at the time such Person is consolidated with or merged into the Company or a Restricted Subsidiary or becomes a Restricted Subsidiary; *provided* that (i) the Lien shall attach solely to the property or assets acquired, purchased or constructed, (ii) such Lien shall have been created or incurred within 12 months of the date of acquisition or purchase or completion of construction, as the case may be, (iii) at the time of acquisition or purchase or of completion of construction of such property or assets, the aggregate amount remaining unpaid on all Debt secured by Liens on such property or assets, whether or not assumed by the Company or a Restricted Subsidiary, shall not exceed an amount equal to 100% of the lesser of the total purchase price or fair market value at the time of acquisition or purchase (as determined in good faith by the Board of Directors of the Company) or the cost of construction on the date of completion thereof, (iv) Debt secured by any such Lien shall have been created or incurred within the applicable limitations provided in **Section 10.2**, and (v) at the time of creation, issuance, assumption, guarantee or incurrence of the Debt secured by such Lien and after giving effect thereto and to the application of the proceeds thereof, no Default or Event of Default would exist;

(h) any Lien created or incurred after the Execution Date in favor of any Governmental Authority to secure payments pursuant to any contract;

(i) Liens created or incurred after the Execution Date given to secure Debt of the Company or any Restricted Subsidiary in addition to the Liens permitted by the preceding clauses (a) through (h) hereof; *provided* that (i) all Debt secured by such Liens shall have been incurred within the limitations provided in **Section 10.2** and (ii) at the time of creation, issuance, assumption, guarantee or incurrence of the Debt secured by such Lien and after giving effect thereto and to the application of the proceeds thereof, no Default or Event of Default would exist;

(j) Liens on property or assets of (1) a Restricted Subsidiary to secure obligations of such Restricted Subsidiary to the Company or a Wholly-Owned Restricted Subsidiary or (2) the Company to secure obligations of the Company to a Wholly-Owned Restricted Subsidiary;

(k) any extension, renewal or refunding of any Lien permitted by the preceding clauses (a) through (j) of this **Section 10.3** in respect of the same property theretofore subject to such Lien in connection with the extension, renewal or refunding of the Debt secured thereby; *provided* that (i) such extension, renewal or refunding of Debt shall be without increase in the principal amount remaining unpaid as of the date of such extension, renewal or refunding, (ii) such Lien shall attach solely to the same or substitute such property, and (iii) at the time of such extension, renewal or refunding and after giving effect thereto, no Default or Event of Default would exist; and

(l) customary provisions in joint venture or similar agreements restricting the sale or transfer of the interest in such joint venture or other similar entity.

Section 10.4. Mergers and Consolidations, Etc. The Company will not, and will not permit any Restricted Subsidiary to, consolidate with or be a party to a merger with any other Person, or sell, lease or otherwise dispose of all or substantially all of its assets; *provided* that:

(a) any Restricted Subsidiary may merge or consolidate with or into, or transfer all or substantially all of its assets to, the Company or any Restricted Subsidiary so long as in (i) any merger or consolidation involving the Company, the Company shall be the surviving or continuing entity and (ii) in any merger or consolidation involving a Restricted Subsidiary (and not the Company), the Restricted Subsidiary shall be the surviving or continuing entity and, after giving effect to such merger or consolidation, the Company or one or more Restricted Subsidiaries shall own not less than the same percentage of Voting Stock of the continuing or surviving Restricted Subsidiary as the Company or one or more Restricted Subsidiaries owned of the merged or consolidated Restricted Subsidiary immediately prior to such merger or consolidation;

(b) the Company may consolidate or merge with or into any other entity if (i) the entity which results from such consolidation or merger (the "*surviving entity*") is organized under the laws of any state or jurisdiction of the United States or the District of Columbia, Canada, the United Kingdom, a member of the European Union on April 30, 2004 (other than Greece or Spain), Japan or Australia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observation of all of the covenants in the Notes, this Agreement and any Supplemental Note Purchase Agreement to be performed or observed by the Company are expressly assumed in writing by the surviving entity, (iii) each of the Subsidiary Guarantors shall have confirmed in writing the due and punctual performance and observation of all of its covenants and agreements contained in the Subsidiary Guaranty

and (iv) at the time of such consolidation or merger and immediately after giving effect thereto, no Default or Event of Default would exist;

(c) the Company may sell or otherwise dispose of all or substantially all of its assets to any Person for consideration which represents the fair market value of such assets (as determined in good faith by the Board of Directors of the Company) at the time of such sale or other disposition if (i) the acquiring Person is an entity organized under the laws of any state or jurisdiction of the United States or the District of Columbia, Canada, the United Kingdom, a member of the European Union on April 30, 2004 (other than Greece or Spain), Japan or Australia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes, in this Agreement and any Supplemental Note Purchase Agreement to be performed or observed by the Company are expressly assumed in writing by the acquiring entity, (iii) each of the Subsidiary Guarantors shall have confirmed in writing the due and punctual performance and observation of all of its covenants and agreements contained in the Subsidiary Guaranty and (iv) at the time of such sale or disposition and immediately after giving effect thereto, no Default or Event of Default would exist; and

(d) any Restricted Subsidiary may sell, lease or otherwise dispose of all or substantially all of its assets in connection with a sale, lease or other disposition permitted under **Section 10.5**.

Section 10.5. Sale of Assets . The Company will not, and will not permit any Restricted Subsidiary to, sell, lease, transfer, abandon or otherwise dispose of assets (except assets sold, leased, transferred or otherwise disposed of in the ordinary course of business for fair market value and except as provided in **Section 10.4(a)** and **Section 10.4(c)**; *provided* that the foregoing restrictions do not apply to:

(a) the sale, lease, transfer or other disposition of assets of a Restricted Subsidiary to the Company or a Restricted Subsidiary of which the Company or one or more Restricted Subsidiaries shall own not less than the same percentage of Voting Stock as the Company or one or more Restricted Subsidiaries then own of the Restricted Subsidiary making such sale, lease, transfer or other disposition; or

(b) the sale, lease, transfer or other disposition of assets of the Company to a Wholly-Owned Restricted Subsidiary that is a Subsidiary Guarantor and which is not liable for any Priority Debt unless the creditors of such Priority Debt are parties to the Intercreditor Agreement; or

(c) the abandonment of assets of the Company or a Restricted Subsidiary that are no longer useful or intended to be used in the operation of the business of the Company and its Restricted Subsidiaries, *provided* that such abandonment would not, individually or in the aggregate, have a Material Adverse Effect;

(d) the sale, lease, transfer or other disposition of assets for cash or other property to a Person or Persons if all of the following conditions are met:

(i) such assets (valued at net book value) do not, together with all other assets of the Company and its Restricted Subsidiaries previously disposed of during the fiscal year (other than in the ordinary course of business), exceed 15% of Consolidated Total Assets, determined as of the end of the immediately preceding fiscal year;

(ii) in the good faith opinion of the Company, the sale is for fair value and is in the best interests of the Company; and

(iii) in the event such Person is an Affiliate, the terms of such sale, lease, transfer or disposition are no less favorable to the Company or such Restricted Subsidiary than would be obtained in a transaction with a Person other than an Affiliate; and

(iv) immediately after the consummation of the transaction and after giving effect thereto, no Default or Event of Default would exist;

provided, *however*, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied within three months before or twelve months after the date of sale of such assets to either (y) the acquisition of, or reinvestment in, assets useful and intended to be used in the operation of the business of the Company and its Restricted Subsidiaries and having a fair market value (as determined in good faith by the Company) at least equal to that of the assets so disposed of or (z) the prepayment or payment of principal and accrued but unpaid interest, if any, and the applicable prepayment premium, if any, of Debt of the Company. It is understood and agreed by the Company that any such proceeds paid and applied to the prepayment of the Notes as hereinabove provided shall be offered and prepaid as and to the extent provided below:

(w) the offer to prepay Notes contemplated by this **Section 10.5** shall be an offer to each of the holders of the Notes to prepay on a date specified in such offer, which date shall be not less than 30 days and not more than 120 days after the date of such offer (if the

proposed prepayment date shall not be specified in such offer, the proposed prepayment date shall be the first Business Day after the 45th day after the date of such offer), all, or a *pro rata* part of, the Notes held by such holder at par and without payment of Make-Whole Amount or other premium;

(x) any holder of the Notes may accept or decline any offer of prepayment pursuant to this **Section 10.5** by causing a notice of such acceptance or rejection to be delivered to the Company not later than 15 days after receipt by such holder of such offer of prepayment;

(y) the failure of any such holder to accept or decline any such offer of prepayment shall be deemed to be an election by such holder to decline such prepayment; and

(z) if such offer is so accepted, the proceeds so offered towards the prepayment of the Notes and accepted shall be prepaid and applied to 100% of the principal amount to be prepaid, together with interest accrued thereon to the date of such prepayment; *provided* that such prepayment shall be at par without payment of Make-Whole Amount or other premium.

To the extent that any holder of the Notes declines or is deemed to have declined such offer of prepayment, the amount of the prepayment offered to such holder shall be used by the Company to prepay other Debt, if any.

Section 10.6. Transactions with Affiliates . The Company will not, and will not permit any Restricted Subsidiary to, enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate other than the Company or another Subsidiary), except upon terms no less favorable to the Company or such Restricted Subsidiary than would be obtained in a transaction with a Person other than an Affiliate; *provided, however,* that the foregoing shall not prohibit (a) the payment of customary and reasonable directors' fees to directors who are not employees of the Company or any Affiliate or (b) any transaction between the Company or a Restricted Subsidiary and another Restricted Subsidiary that the Company reasonably determines in good faith is beneficial to the Company and its Affiliates as a whole that is not entered into for the purpose of hindering the exercise of the rights or remedies of the holders of the Notes.

Section 10.7. Designation of Subsidiaries . Subject to **Section 9.9**, the Company may designate or redesignate any Unrestricted Subsidiary as a Restricted Subsidiary and may designate or redesignate any Restricted Subsidiary as an Unrestricted Subsidiary; *provided* that:

(a) the Company shall have given not less than 10 days' prior written notice to the holders of the Notes that a Senior Financial Officer has made such determination;

(b) at the time of such designation or redesignation and immediately after giving effect thereto, no Default or Event of Default would exist;

(c) in the case of the designation of a Restricted Subsidiary as an Unrestricted Subsidiary and after giving effect thereto, (i) such Unrestricted Subsidiary so designated shall not, directly or indirectly, own any capital stock of the Company or any Restricted Subsidiary and (ii) such designation shall be deemed a sale of assets and shall be permitted by the provisions of **Section 10.5**;

(d) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary and after giving effect thereto: (i) all outstanding Debt of such Restricted Subsidiary so designated shall be permitted within the applicable limitations of **Section 10.2** (other than by virtue of constituting Qualified Subsidiary Debt pursuant to clause (ii) or (iv) of the definition thereof) and (ii) all existing Liens of such Restricted Subsidiary so designated shall be permitted within the applicable limitations of **Section 10.3** (other than **Section 10.3(f)**, notwithstanding that any such Lien existed as of the Execution Date);

(e) in the case of the designation of a Restricted Subsidiary as an Unrestricted Subsidiary, such Restricted Subsidiary shall not at any time after the Execution Date have previously been designated as an Unrestricted Subsidiary more than twice; and

(f) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary, such Unrestricted Subsidiary shall not at any time after the Execution Date have previously been designated as a Restricted Subsidiary more than twice.

Notwithstanding the foregoing or anything herein to the contrary, each Company Subsidiary shall be a Restricted Subsidiary unless the Company has designated it as an Unrestricted Subsidiary.

Section 10.8. Terrorism Sanctions Regulations . The Company will not and will not permit any Controlled Entity to (a) become a Blocked Person or (b) have any investments in or engage in any dealings or transactions with any Blocked Person except in accordance with applicable law and in a manner where such investments, transactions or dealings would not cause the purchase, holding or receipt of any payment or exercise of any rights in respect of any Note by the holder thereof to be in violation of any laws or regulations administered by OFAC or any laws or regulations referred to in **Section 5.16**.

SECTION 11. EVENTS OF DEFAULT .

An *"Event of Default"* shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in **Section 10.2**; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this **Section 11**) or in any Security Document and such default is not remedied within 30 days after the earlier of (i) a Senior Financial Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of **Section 11**); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or, by a Subsidiary Guarantor in the Subsidiary Guaranty or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made and the facts underlying such representation or warranty shall not have been changed to make such representation and warranty true and correct within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (e) of **Section 11**); or

(f) (i) the Company or any Significant Restricted Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least the greater of (A) $40,000,000 and (B) 5% of Consolidated Total Assets beyond any period of grace provided with respect thereto, or (ii) the Company or any Significant Restricted Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least

the greater of (A) $40,000,000 and (B) 5% of Consolidated Total Assets or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment without such acceleration having been rescinded or annulled within any applicable grace period; or

(g) the Company or any Significant Restricted Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction or has an involuntary proceeding or case filed against it and the same shall continue undismissed for a period of 60 days from commencement of such proceeding or case, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Restricted Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Restricted Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Restricted Subsidiaries, and such order, petition or other such relief remains in effect and shall not be dismissed or stayed for a period of 60 consecutive days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of the greater of (A) $25,000,000 and (B) 2% of Consolidated Total Assets (excluding for purposes of such determination such amount of any insurance proceeds paid or to be paid by or on behalf of the Company or any of its Significant Restricted Subsidiaries in respect of such judgment or judgments or unconditionally acknowledged in writing to be payable by the insurance carrier that issued the related insurance policy) are rendered against one or more of the Company and its Significant Restricted Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the right to appeal has expired; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan, other than a voluntary termination, shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA Section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed an amount which would cause a Material Adverse Effect, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Restricted Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Restricted Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, would reasonably be expected to have a Material Adverse Effect; or

(k) for any reason whatsoever any Security Document ceases to be in full force and effect including, without limitation, a determination by any Governmental Authority that any Security Document is invalid, void or unenforceable or the Company or any Subsidiary which is a party to any Security Document shall contest or deny in writing the enforceability of any of its obligations under any Security Document to which it is a party (but excluding any Security Document which ceases to be in full force and effect in accordance with and by reason of the express provisions of **Section 2.2(e)**.

As used in **Section 11(j)**, the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration . (a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of **Section 11** (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of **Section 11** has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Note becoming due and payable under this **Section 12.1**, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (i) all accrued and unpaid interest thereon and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies . If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under **Section 12.1**, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, in any Note or in any Security Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission . At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of **Section 12.1**, the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured

or have been waived pursuant to **Section 17**, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this **Section 12.3** will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc . No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under **Section 15**, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this **Section 12**, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES .

Section 13.1. Registration of Notes . The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes . Subject to compliance with applicable law, upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) of the same Series (and of the same tranche if such Series has separate tranches) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of **Exhibit 1-A-1**, **Exhibit 1-A-2**, **Exhibit 1-B-1, Exhibit 1-B-2,**

Exhibit 1-C-1, **Exhibit 1-C-2** or **Exhibit 1.2**, as the case may be. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $200,000; *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $200,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representations set forth in **Section 6.1** and **Section 6.2**.

Section 13.3. Replacement of Notes . Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same Series (and of the same tranche if such Series has separate tranches), dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES .

Section 14.1. Place of Payment . Subject to **Section 14.2**, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Bank of New York in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment . So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in **Section 14.1** or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if

any, and interest by the method and at the address specified for such purpose below your name in **Schedule A** or in a Supplemental Note Purchase Agreement, as the case may be, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to **Section 14.1**. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes of the same Series and tranche pursuant to **Section 13.2**. The Company will afford the benefits of this **Section 14.2** to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this **Section 14.2**.

SECTION 15. EXPENSES, ETC .

Section 15.1. Transaction Expenses. (a) Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement (and/or any Supplemental Note Purchase Agreement), the Notes, any Security Document or the Intercreditor Agreement (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement (and/or any Supplemental Note Purchase Agreement), the Notes, any Security Document or the Intercreditor Agreement or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement (and/or any Supplemental Note Purchase Agreement), the Notes, any Security Document or the Intercreditor Agreement or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby (and/or any Supplemental Note Purchase Agreement), by the Notes or by any Security Document or the Intercreditor Agreement. Without limiting the generality of the foregoing, the Company shall pay all fees, charges and disbursement of special counsel referred to in **Section 4.4(b)** incurred in connection with the Closing within ten (10) days after receipt by the Company of such special counsel's invoice therefor. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in

respect of any fees, costs or expenses, if any, of brokers and finders (other than those retained by you).

(b) Without limiting the foregoing, the Company agrees to pay all fees of the Collateral Agent in connection with the preparation, execution and delivery of the Intercreditor Agreement and the Collateral Documents and the transactions contemplated thereby, including but not limited to reasonable attorneys fees; to pay to the Collateral Agent from time to time reasonable compensation for all services rendered by it under the Intercreditor Agreement and the Collateral Documents; to indemnify the Collateral Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Intercreditor Agreement and Collateral Documents, including, but not limited to, the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties thereunder.

Section 15.2. Survival . The obligations of the Company under this **Section 15** will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement (and/or any Supplemental Note Purchase Agreement), the Notes, any Security Document or the Intercreditor Agreement and the termination of this Agreement (and/or any Supplemental Note Purchase Agreement).

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT .

All representations and warranties contained herein shall survive the execution and delivery of this Agreement (including any Supplemental Note Purchase Agreement) and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and any Supplemental Note Purchase Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER .

Section 17.1. Requirements . (a) This Agreement (and/or any Supplemental Note Purchase Agreement) and the Notes may be amended, and the observance of any term hereof or of

the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of **Section 1, 2.1, 2.3, 3, 4, 5** (subject to permitted amendments or supplements pursuant to Supplemental Note Purchase Agreements in respect to Notes issued thereunder), **6** or **21** hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of **Section 12** relating to acceleration or rescission, change the amount, time or allocation of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of **Section 8, 11(a), 11(b), 12, 17** or **20**. As used herein and in the Notes, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented and, without limiting the generality of the foregoing, shall include all Supplemental Note Purchase Agreements; *provided* that, anything contained in this **Section 17.1** or **Section 17.2** to the contrary notwithstanding, if for any reason whatsoever it becomes necessary or appropriate to enter into any amendment of this Agreement or any waiver with respect to compliance herewith by the Company during the period from and including the First Initial Closing through and including the Second Initial Closing, each of the Purchasers listed on **Schedule A** as purchasers of the Series A-1B Notes, the Series A-2B Notes and the Series A-3B Notes shall be deemed to be the holder of the aggregate principal amount of outstanding Series A-1B Notes, Series A-2B Notes and Series A-3B Notes set opposite such entity's name in **Schedule A** hereto, (i) for purposes of any determination of the percentage of holders of the Notes required to grant or deny such requested amendment or waiver and (ii) for purposes of any determination of any payment of remuneration, whether by way of supplemental or additional interest, fee or otherwise pursuant to **Section 17.2**, notwithstanding that the issuance, sale and delivery of the Series A-1B Notes, the Series A-2B Notes and the Series A-3B Notes on the Second Initial Closing has not been consummated at the time such amendment or waiver is requested or such payment of remuneration is determined pursuant to **Section 17.2**. If for any reason whatsoever, the Series A-1B Notes, the Series A-2B Notes and the Series A-3B Notes to be issued to the Purchasers listed on **Schedule A** as purchasers of the Series A-1B Notes, the Series A-2B Notes and the Series A-3B Notes are not issued at the Second Initial Closing, any such amendment or waiver entered into as contemplated by the foregoing proviso of this **Section 17.1** shall, at the option of the Required Holders of the then outstanding Notes, be deemed null and void.

(b) The Collateral Documents may be amended in the manner prescribed in the Intercreditor Agreement, and the Subsidiary Guaranty and the Intercreditor Agreement may be amended in the manner prescribed in each such document, and all amendments to the Security

Documents and the Intercreditor Agreement obtained in conformity with such requirements shall bind all holders of the Notes.

Section 17.2. Solicitation of Holders of Notes .

(a) *Solicitation*. The Company will provide each holder of the Notes (irrespective of the amount, Series or tranche of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes or of any of the Security Documents or the Intercreditor Agreement. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this **Section 17** or of any of the Security Documents or the Intercreditor Agreement to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise or issue any Guaranty, or grant any security, to any holder of any Series or tranche of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof or of any Note or any Security Document or the Intercreditor Agreement unless such remuneration is concurrently paid, or Guaranty or security is concurrently granted, on the same terms, ratably to each of the holders of each Series and tranche of the Notes then outstanding even if such holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer.* Any consent made pursuant to this **Section 17.2** by the holder of any Note that has transferred or has agreed to transfer such Note to the Company, any Subsidiary or any Affiliate of the Company and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such transferring holder.

Section 17.3. Binding Effect, Etc . Any amendment or waiver consented to as provided in this **Section 17** applies equally to all holders of each Series and tranche of Notes and is binding upon them and upon each future holder of any Note of any Series and tranche and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or

Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note of any Series or tranche of Notes nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of each Series and tranche of such Note.

Section 17.4. Notes Held by Company, Etc . Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement, the Notes, any Security Document or the Intercreditor Agreement, or have directed the taking of any action provided herein or in the Notes, any Security Document or the Intercreditor Agreement to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES .

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A or in a Supplemental Note Purchase Agreement, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Corporate Treasurer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this **Section 18** will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS .

This Agreement (including any Supplemental Note Purchase Agreement and any Security Document) and all documents relating thereto (other than the Memorandum), including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents

received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This **Section 19** shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION .

For the purposes of this **Section 20**, "*Confidential Information*" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is confidential and/or proprietary in nature and that was clearly marked or labeled or otherwise adequately identified in writing (or verbally in the case of oral communication) when received by you as being confidential information of the Company or such Subsidiary; *provided* that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or any other holder of any Note, (d) constitutes financial statements delivered to you under **Section 7.1** that are otherwise publicly available or (e) relates to the "tax treatment" or "tax structure" of the transactions contemplated by this Agreement, as such terms are defined in Section 1.6011-4 of the Treasury Department regulations issued under the Code, and all materials of any kind that are provided to you relating to such tax treatment or tax structure, except to the extent that disclosure of such information is not permitted under any applicable securities laws, and except with respect to any item that contains information concerning the tax treatment or tax structure of a transaction as well as Confidential Information, this clause (e) shall only apply to that portion of the item relating to tax treatment or tax structure. You will maintain the confidentiality of such Confidential Information in accordance with reasonable procedures adopted by you in good faith to protect confidential information of third parties delivered to you; *provided* that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and Affiliates (which Affiliates have agreed to hold confidential the confidential information) (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this

Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (vi) any federal or state regulatory authority having jurisdiction over you to the extent required or requested, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio to the extent required or requested, or (viii) any other Person to which such delivery or disclosure may be required (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this **Section 20** as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee or any other holder that has previously delivered such confirmation), such holder will enter into an agreement with the Company confirming in writing that it is bound by the provisions of this **Section 20**.

SECTION 21. SUBSTITUTION OF PURCHASER .

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in **Section 6**. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this **Section 21**), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this **Section 21**), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS .

Section 22.1. Successors and Assigns . All covenants and other agreements contained in this Agreement (including any Supplemental Note Purchase Agreement) by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days . Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

Section 22.3. Severability . Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction . Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made by the Company for the purposes of this Agreement, the same shall be done by the Company in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

For purposes of determining compliance with this Agreement, any election by the Company to measure an item of Debt using fair value (as permitted by Accounting Standard Codification Topic No. 825-10-25 – *Fair Value Option* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Notwithstanding the foregoing, if there is a change in GAAP after the date of this Agreement, the result of which is to cause the Company to be in default in respect of any covenant contained in **Section 10**, then such default shall be stayed and no Default or Event of Default shall occur hereunder. The Company shall then, in consultation with its independent accountants, negotiate in

good faith with the holders of Notes for a period of 60 days to make any necessary adjustments to such covenant or any component of financial computations used to calculate such covenant to provide the holders of the Notes with substantially the same protection as such covenant provided prior to the relevant change in GAAP. In the event that no agreement is reached by the end of such 60-day negotiation period, then, at the Company's election, the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately prior to such change and each subsequent set of financial statements delivered to holders of Notes pursuant to **Section 7.1(a)** or **(b)** shall include detailed reconciliations reasonably satisfactory to the Required Holders as to the effect of such change in GAAP.

Section 22.5. Counterparts . This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.6. Governing Law **. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.**

Section 22.7. Submission to Jurisdiction; Waiver of Jury Trial . (a) The Company hereby irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Agreement and the Notes may be litigated in such courts, and the Company waives any objection which it may have based on improper venue or *forum non conveniens* to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and consents that all such service of process be made by delivery to it at the address of such Person set forth in **Section 18** above or to its agent referred to below at such agent's address set forth below (with a courtesy copy to the Company at the address set forth in **Section 18**) and that service so made shall be deemed to be completed upon actual receipt. Nothing contained in this section shall affect the right of any holder of Notes to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against the Company or to enforce a judgment obtained in the courts of any other jurisdiction.

(b) The parties hereto waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between them arising out of, connected with, related to or incidental to the relationship established between them in connection with this Agreement and the Notes, any financing agreement, any loan party document or any other instrument, document

or agreement executed or delivered in connection herewith or the transactions related hereto. The parties hereto hereby agree and consent that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that any of them may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

SECTION 23. TAX INDEMNIFICATION; PAYMENT IN U.S. DOLLARS.

In the event, in accordance with **Section 10.4(b)** or **(c),** the entity which results from the consolidation or merger described therein or the Person to whom the Company has sold or otherwise disposed of all or substantially all of its assets is organized under the laws of any jurisdiction other than any state of the United States or the District of Columbia the following shall apply:

(a) Each payment by the Company (or applicable successor in accordance with **Section 10.4**) shall be made, under all circumstances, without setoff, counterclaim or reduction for, and free from and clear of, and without deduction for or because of, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholding, restrictions or conditions of any nature whatsoever (hereinafter called "*Relevant Taxes*") imposed, levied, collected, assessed, deducted or withheld by the government of any country or jurisdiction (or any authority therein or thereof), other than the United States of America or any political subdivision or authority therein or thereof, from or through which payments hereunder or on or in respect of the Notes are actually made (each a "*Taxing Jurisdiction*"), unless such imposition, levy, collection, assessment, deduction, withholding or other restriction or condition is required by law. If the Company is required by law to make any payment under this Agreement or the Notes subject to such deduction, withholding or other restriction or condition, then the Company shall forthwith (i) pay over to the government or taxing authority imposing such tax the full amount required to be deducted, withheld from or otherwise paid by the Company (including the full amount required to be deducted or withheld from or otherwise paid by the Company in respect of the Tax Indemnity Amounts (as defined below)); (ii) pay each Holder such additional amounts ("*Tax Indemnity Amounts*") as may be necessary in order that the net amount of every payment made to each Holder, after provision for payment of such Relevant Taxes (including any required deduction, withholding or other payment of tax on or with respect to such Tax Indemnity Amounts), shall be equal to the amount which such holder would have received had there been no imposition, levy, collection, assessment, deduction, withholding or other restriction or condition. Notwithstanding the foregoing provisions of this **Section 23(a)**, no such Tax Indemnity Amounts shall be payable for or on account of any tax, assessment or other governmental charge that is imposed or withheld by reason of the failure of the holder of a Note to complete, execute, update and deliver to the Company any form or document to the extent applicable to such holder that may be required by law or by reason of administration of such law and which is reasonably requested in writing to be delivered by the

Company in order to enable the Company to make payments pursuant to this **Section 23(a)** without deduction or withholding for taxes, assessments or governmental charges, or with deduction or withholding of such lesser amount, which form or document shall be delivered within one hundred twenty days of a written request therefor by the Company. If in connection with the payment of any such Tax Indemnity Amounts, any holder of a Note that is a United States person within the meaning of the Code or a foreign person engaged in a trade or business within the United States of America, incurs taxes imposed by the United States of America or any political subdivision or taxing authority therein (*"United States Taxes"*) on such Tax Indemnity Amounts, the Company shall pay to such holder such further amount as will insure that the net expenditure of the holder for United States Taxes due to receipt of such Tax Indemnity Amounts (after taking into account any withholding, deduction, tax credit or tax benefit in respect of such further amount or any Tax Indemnity Amount) is no greater than it would have been had no Tax Indemnity Amounts been paid to the holder.

(b) Any payment made by the Company to any holder of a Note for the account of any such holder in respect of any amount payable by the Company shall be made in the lawful currency of the United States of America (*"U.S. Dollars"*). Any amount received or recovered by such holder other than in U.S. Dollars (whether as a result of, or of the enforcement of, a judgment or order of any court, or in the liquidation or dissolution of the Company or otherwise) in respect of any such sum expressed to be due hereunder or under the Notes shall constitute a discharge of the Company only to the extent of the amount of U.S. Dollars which such holder is able, in accordance with normal banking procedures, to purchase with the amount so received or recovered in that other currency on the date of the receipt or recovery (or, if it is not practicable to make that purchase on such date, on the first date on which it is practicable to do so). If the amount of U.S. Dollars so purchased is less than the amount of U.S. Dollars expressed to be due hereunder or under the Notes, the Company agrees as a separate and independent obligation from the other obligations herein, notwithstanding any such judgment, to indemnify the holder against the loss. If the amount of U.S. Dollars so purchased exceeds the amount of U.S. Dollars expressed to be due hereunder or under the Notes, then such holder agrees to remit such excess to the Company.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

STERIS CORPORATION

By /s/William L. Aamoth
Vice President & Corporate Treasurer

Accepted as of December 4, 2012:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

NORTHWESTERN LONG TERM CARE INSURANCE COMPANY

By: /s/Jerome R. Baier

Name: Jerome R. Baier

Title: Its Authorized Representative

Accepted as of December 4, 2012:

AXA EQUITABLE LIFE INSURANCE COMPANY

By: /s/Amy Judd

Name: Amy Judd

Title: Investment Officer

Accepted as of December 4, 2012:

HORIZON BLUE CROSS BLUE SHIELD OF NEW JERSEY

By: AllianceBernstein LP, its Investment Advisor

By: /s/Amy Judd

Name: Amy Judd

Title: Senior Vice President

Accepted as of December 4, 2012:

METLIFE INSURANCE COMPANY OF CONNECTICUT
by Metropolitan Life Insurance Company, its Investment Manager

METROPOLITAN TOWER LIFE INSURANCE COMPANY
by Metropolitan Life Insurance Company, its Investment Manager

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/Judith A. Gulotta
Name: Judith A. Gulotta
Title: Managing Director

METROPOLITAN ALCO LIFE INSURANCE K.K.
by MetLife Investment Management, LLC, its Investment Manager

By: /s/Judith A. Gulotta
Name: Judith A. Gulotta
Title: Managing Director

Accepted as of December 4, 2012:

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/Jason Boe

Name: Jason Boe

Title: Vice President

Accepted as of December 4, 2012:

STATE FARM LIFE INSURANCE COMPANY

By: /s/Julie Hoyer

Julie Hoyer

Senior Investment Officer

By: /s/Jeffrey Attwood

Jeffrey Attwood

Investment Officer

STATE FARM LIFE AND ACCIDENT ASSURANCE COMPANY

By: /s/Julie Hoyer

Julie Hoyer

Senior Investment Officer

By: /s/Jeffrey Attwood

Jeffrey Attwood

Investment Officer

Accepted as of December 4, 2012:

AMERICAN UNITED LIFE INSURANCE COMPANY

By: /s/David M. Weisenburger

Name: David M. Weisenburger
Title: Vice President, Fixed Income Securities

THE STATE LIFE INSURANCE COMPANY
By: American United Life Insurance Company
Its: Authorized Agent

By: /s/David M. Weisenburger

Name: David M. Weisenburger
Title: Vice President, Fixed Income Securities

Accepted as of December 4, 2012:

MODERN WOODMEN OF AMERICA

By: /s/Michael E. Dau

Name: Michael E. Dau

Title: Treasurer & Investment Manager

Accepted as of December 4, 2012:

AMERITAS LIFE INSURANCE CORP.
AMERITAS LIFE INSURANCE CORP. OF NEW YORK
ACACIA LIFE INSURANCE COMPANY
THE UNION CENTRAL LIFE INSURANCE COMPANY

By: Summit Investment Advisors, Inc., as Agent

By: /s/Andrew S. White

Name: Andrew S. White
Title: Managing Director – Private Placements

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"*Acquisition*" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of any Person, or any business or division of any Person, (b) the acquisition in excess of 50% of the stock (or other equity interest) of any Person, or (c) the acquisition of another Person by a merger or consolidation or any other combination with such Person.

"*Affiliate*" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person. As used in this definition, "*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "*Affiliate*" is a reference to an Affiliate of the Company.

"*Agent*" means KeyBank National Association, as Agent under the Bank Credit Agreement.

"*Anti-Money Laundering Laws*" is defined in **Section 5.16(c)**.

"*Bank Credit Agreement*" means that certain Third Amended and Restated Credit Agreement effective as of April 13, 2012 among the Company, the Agent and the other parties thereto, as from time to time supplemented, amended, modified, extended, renewed or replaced.

"*Banks*" means the lending institutions party to the Bank Credit Agreement.

"*Blocked Person*" is defined in **Section 5.16(a)**.

"*Business Day*" means (a) for the purposes of **Section 8.6** only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Cleveland, Ohio are required or authorized to be closed.

"*Capital Lease*" means, at any time, a lease with respect to which the Lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"*Change in Control*" means an event or series of events by which any person or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) (such person or persons hereinafter referred to as an "*Acquiring Person*") becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the voting power of the then outstanding Voting Stock of the Company; *provided* that, notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred if the Company (or the Acquiring Person if either (x) the Company is no longer in existence or (y) the Acquiring Person has acquired all or substantially all of the assets or stock thereof, and, in either case, such Acquiring Person has assumed the obligations of the Company under the Notes) shall have an Investment Grade Rating immediately following such Acquiring Person becoming the "beneficial owner" or consummating such acquisition.

"*CISADA*" means the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, United States Public Law 111195, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*Closing*" is defined in **Section 3**.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"*Collateral Agent*" is defined in **Section 2.2(b)**.

"*Collateral Documents*" is defined in **Section 2.2(b)**.

"*Company*" is defined in the introductory paragraph to this Agreement and shall include any permitted successor thereto.

"*Confidential Information*" is defined in **Section 20**.

"*Consolidated*" means the resultant consolidation of the financial statements of the Company and its Restricted Subsidiaries in accordance with GAAP, including principles of consolidation consistent with those applied in preparation of the consolidated financial statements referred to in **Schedule 5.5** hereof.

"*Consolidated Depreciation and Amortization Charges*" means, for any period, the aggregate of all depreciation and amortization charges for fixed assets, leasehold improvements and general intangibles (specifically including goodwill) of the Company for such period, as determined on a Consolidated basis and in accordance with GAAP.

"*Consolidated EBIT*" means, for any period, on a Consolidated basis, (a) Consolidated Net Earnings for such period *plus* the aggregate amounts deducted in determining such Consolidated Net Earnings in respect of (i) income taxes, (ii) Consolidated Interest Expense and (iii) non-recurring non-cash charges (including non-cash charges associated with the write-off of goodwill in accordance with SFAS 142) and losses, *minus* (b) non-recurring non-cash gains; *provided*, that Consolidated EBIT for any period shall include the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been acquired by the Company or any Subsidiary for any portion of such period prior to the date of such Acquisition and exclude the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been disposed of by the Company or any Subsidiary, for the portion of such period prior to the date of such disposition.

"*Consolidated EBITDA*" means, for any period, (a) Consolidated EBIT, *plus* (b) Consolidated Depreciation and Amortization Charges; *provided* that Consolidated EBITDA for any period shall (i) include the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been acquired by the Company or any Subsidiary for any portion of such period prior to the date of such Acquisition, and (ii) exclude the appropriate financial (other than assumed operating synergies) items for any Person or business unit that has been disposed of by the Company or any Subsidiary for the portion of such period prior to the date of such disposition.

"*Consolidated Interest Expense*" means, for any period, interest expense of the Company for such period, as determined on a Consolidated basis and in accordance with GAAP.

"*Consolidated Net Earnings*" means, for any period, the net income (loss) of the Company for such period, as determined on a Consolidated basis and in accordance with GAAP.

"*Consolidated Net Worth*" means, at any date, the stockholders' equity of the Company, determined on a Consolidated basis and in accordance with GAAP.

"*Consolidated Total Assets*" means as of the date of any determination thereof, the total amount of assets (less reserves properly deductible), which under GAAP appear on the Consolidated balance sheet of the Company.

"*Consolidated Total Capitalization*" means as of the date of any determination thereof, the sum of (a) Consolidated Total Debt *plus* (b) Consolidated Net Worth.

"*Consolidated Total Debt*" means all Debt of the Company and its Subsidiaries, determined on a Consolidated basis eliminating intercompany items.

"*Control Event*" means the execution by the Company of a definitive written agreement which, when fully performed by the parties thereto, would result in a Change in Control.

"*Controlled Entity*" means any of the Subsidiaries of the Company and any of their or the Company's respective Affiliates.

"*Creditors*" means the Agent, the Banks, the holders of the Notes and any other Persons who are holders of notes or similar debt securities issued by the Company and who are parties to the Intercreditor Agreement.

"*Debt*" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and trade payables arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (representing obligations for borrowed money and not to secure the performance of bids, tenders or trade contracts); and

(f) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (e) hereof.

"*Default*" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default that has not been waived by the Required Holders.

"*Default Rate*" means that rate of interest that is 2% per annum above the rate of interest stated in clause (a) of the first paragraph of the Notes.

"*Eligible Purchasers*" means any Initial Purchaser of the Series A Notes and additional Institutional Investors; *provided* that the aggregate number of Eligible Purchasers shall not at any time exceed a number which, if exceeded, would result in the loss of the exemption in respect of any Series of Notes from the registration requirements of the Securities Act.

"*Environmental Laws*" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under Section 414 of the Code.

"*Event of Default*" is defined in **Section 11**.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Execution Date*" is defined in **Section 3**.

"*First Initial Closing*" is defined in **Section 3**.

"*GAAP*" means generally accepted accounting principles as in effect from time to time in the United States of America, which shall include the official interpretations thereof by the Financial Accounting Standards Board applied on a consistent basis with past accounting practices and procedures of the Company.

"*Governmental Authority*" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"*Guaranty*" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"*holder*" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to **Section 13.1**.

"*Initial Closing*" and "*Initial Closings*" are defined in **Section 3**.

"*Initial Purchaser*" is defined in **Section 2.1.**

"*Institutional Investor*" means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"*Intercreditor Agreement*" is defined in **Section 2.2(c)**.

"*Investment Grade Rating*" means, at the time of determination, at least one of the following ratings of a Person's senior, unsecured long-term indebtedness for borrowed money which is *pari passu* with the Notes and which does not have the benefit of a guaranty from any Person other than any such Person that at such time also so guarantees the obligations of the Company under this Agreement and the Notes: (i) by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, or any successor thereof ("*S&P*"), "BBB-" or better, (ii) by Moody's Investors Service, Inc., or any successor thereof ("*Moody's*"), "Baa3" or better, or (iii) by another rating agency of recognized national standing, an equivalent or better rating.

"*Lien*" means, with respect to any Person, any mortgage, lien (statutory or other), pledge or deposit of, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person.

"*Make-Whole Amount*" is defined in **Section 8.6**.

"*Material*" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

"*Material Adverse Effect*" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement, any Supplemental Note Purchase Agreement, the Notes and any Security Document to which it is a party, or (c) the validity or enforceability of this Agreement, any Supplemental Note Purchase Agreement, the Notes or any of the Security Documents.

"*Memorandum*" is defined in **Section 5.3**.

"*Multiemployer Plan*" means any Plan that is a "multiemployer plan" (as such term is defined in Section 4001(a)(3) of ERISA).

"*Notes*" is defined in **Section 1**.

"*OFAC*" is defined in **Section 5.16(a)**.

"*OFAC Listed Person*" is defined in **Section 5.16(a)**.

"*OFAC Sanctions Program*" means all laws, regulations, Executive Orders and any economic or trade sanction that OFAC is responsible for administering and enforcing, including, without limitation 31 CFR Subtitle B, Chapter V, as amended, along with any enabling legislation; the Bank Secrecy Act; Trading with the Enemy Act; and any similar laws, regulations or orders adopted by any State within the United States. A list of economic and trade sanctions administered by OFAC may be found at http://www.ustreas.gov/offices/enforcement/ofac/programs/.

"*Offeree Letter*" means that certain letter dated December 4, 2012 from Merrill Lynch, Pierce, Fenner & Smith Incorporated, setting forth the procedures taken with respect to the offer and sale of the Notes and the Subsidiary Guaranties and any Offeree Letter delivered in connection with a Supplemental Note Purchase Agreement which shall be dated the date on or about the date of any such Supplemental Note Purchase Agreement.

"*Officer's Certificate*" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"*Other Agreements*" is defined in **Section 2.1**.

"*Other Purchasers*" is defined in **Section 2.1**.

"*PBGC*" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"*Person*" means an individual, sole proprietorship, partnership, joint venture, corporation, limited liability company, association, institution, estate, trust, unincorporated organization, or a government or agency or political subdivision thereof or any other entity.

"*Plan*" means an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"*Priority Debt*" means (a) any Debt of the Company secured by a Lien created or incurred within the limitations of **Section 10.3(i)**, and (b) any Debt of the Company's Restricted Subsidiaries other than Qualified Subsidiary Debt.

"*property*" or "*properties*" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"*QPAM Exemption*" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"*Qualified Subsidiary Debt*" means Debt of a Restricted Subsidiary constituting:

(i) Guaranties issued by such Restricted Subsidiary guaranteeing Debt of the Company; *provided* that the beneficiaries of such Guaranty are parties to the Intercreditor Agreement; *provided further,* for clarification, that any Guaranties issued by such Restricted Subsidiary, the beneficiaries of which are not parties to the Intercreditor Agreement, shall be included in Priority Debt;

(ii) Debt of such Restricted Subsidiary outstanding as of the Execution Date and (1) described on **Schedule 5.15** or (2) with an aggregate outstanding principal amount not in excess of $10,000,000;

(iii) Debt of such Restricted Subsidiary owing to the Company or to any Wholly-Owned Restricted Subsidiary; or

(iv) Debt of such Restricted Subsidiary which becomes a Restricted Subsidiary after the Execution Date to the extent such Debt existed at the time such Person became a Restricted Subsidiary, *provided* that such Debt was not incurred in contemplation of such Person becoming a Restricted Subsidiary.

"*Required Holders*" means, at any time, subject to **Section 17.1**, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"*Responsible Officer*" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"*Restricted Subsidiary*" means any Subsidiary (a) of which more than 80% (by number of votes) of the Voting Stock is beneficially owned, directly or indirectly, by the Company, and (b) which is designated a "Restricted Subsidiary" on **Schedule 5.4** or pursuant to **Section 10.7**.

"*Second Initial Closing*" is defined in **Section 3**.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time.

"*Security Documents*" is defined in **Section 2.2(b)**.

"*Senior Financial Officer*" means the chief executive officer, chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"*Series*" means any one of, or any combination of, the Series A Notes and any Supplemental Notes of any Series.

"*Series A Notes*" is defined in **Section 1.1**.

"*Series A-1A Notes*" is defined in **Section 1.1**.

"*Series A-1B Notes*" is defined in **Section 1.1**.

"*Series A-2A Notes*" is defined in **Section 1.1**.

"*Series A-2B Notes*" is defined in **Section 1.1**.

"*Series A-3A Notes*" is defined in **Section 1.1**.

"*Series A-3B Notes*" is defined in **Section 1.1**.

"*Significant Restricted Subsidiary*" means at any time any Restricted Subsidiary that would at such time constitute a "Significant Subsidiary" (as such term is defined in Regulation S-X of the Securities and Exchange Commission as in effect on the date of the Closing) of the Company.

"*Subsidiary*" means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to direct policies, management and affairs of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"*Subsidiary Guarantor*" is defined in **Section 2.2(a)** and shall include any Subsidiary which is required to comply with the requirements of **Section 9.7**.

"*Subsidiary Guaranty*" is defined in **Section 2.2(a)** and shall include any Subsidiary Guaranty delivered pursuant to **Section 9.7**.

"*Supplemental Closing*" is defined in **Section 2.3**.

"*Supplemental Closing Date*" is defined in **Section 2.3**.

"*Supplemental Note Purchase Agreement*" is defined in **Section 2.3**.

"*Supplemental Notes*" is defined in **Section 1.2**.

"*Supplemental Purchaser Schedule*" means the Schedule of Purchasers of any Series of Supplemental Notes which is attached to the Supplemental Note Purchase Agreement relating to such Series.

"*Supplemental Purchasers*" is defined in **Section 2.3**.

"*2003 Noteholders*" means those Persons in whose names the 2003 Notes are registered from time to time in the register maintained by the Company with respect thereto.

"*2003 Note Purchase Agreements*" means those certain Note Purchase Agreements each dated as of December 17, 2003 between the Company and each of the institutions named in Schedule A thereto.

"*2003 Notes*" means those certain Notes issued under and pursuant to the 2003 Note Purchase Agreements.

"*2008 Noteholders*" means those Persons in whose names the 2008 Notes are registered from time to time in the register maintained by the Company with respect thereto.

"*2008 Note Purchase Agreements*" means those certain Note Purchase Agreements each dated as of August 15, 2008 between the Company and each of the institutions named in Schedule A thereto.

"*2008 Notes*" means those certain Notes issued under and pursuant to the 2008 Note Purchase Agreements.

"*Unrestricted Subsidiary*" means any Subsidiary which is not a Restricted Subsidiary.

"*Voting Stock*" means securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

"*Wholly-Owned Restricted Subsidiary*" means, at any time, any Restricted Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares and, in the case of any Subsidiary organized under the laws of a jurisdiction other than the United States, any

nominal holdings of shares by any employee, officer, director or other third party as required by law) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Restricted Subsidiaries at such time.

[FORM OF SERIES A-1A NOTE]

STERIS CORPORATION

3.20% Senior Notes, Series A-1A, due December 4, 2022

No. [_____] [Date]

$[_____] PPN 859152 C*9

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION (herein called the "*Company*"), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on December 4, 2022, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 3.20% per annum from the date hereof, payable semiannually, on the fourth day of June and December in each year, commencing with the June or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 5.20%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Bank of New York in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of the 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the "*Series A-1A Notes*") of the Company in the aggregate principal amount of $47,500,000 which, together with the Company's $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the "*Series A-1B Notes*"), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the "*Series A-2A Notes*"), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the "*Series A-2B Notes*"), $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the "*Series A-3A Notes*") and $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the "*Series A-3B Notes*"; the Series A-1A

Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A Notes and the Series A-3B Notes being hereinafter referred to collectively as the *"Series A Notes"*) issued pursuant to separate Note Purchase Agreements, dated as of December 4, 2012 (as from time to time amended or supplemented, the *"Note Purchase Agreements"*), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof together with additional Series of Notes from time to time issued thereunder (the *"Supplemental Notes"*, and collectively with the Series A Notes, the "*Notes"*). Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.1** and **Section 6.2** and (iii) to have agreed to the covenants and agreements of the holders set forth in the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

STERIS CORPORATION

By

[Title]

[FORM OF SERIES A-1B NOTE]

STERIS CORPORATION

3.20% Senior Notes, Series A-1B, due December 4, 2022

No. [_____] [Date]

$[_____] PPN 859152 C@7

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on December 4, 2022, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 3.20% per annum from the date hereof, payable semiannually, on the fourth day of June and December in each year, commencing with the June or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 5.20%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Bank of New York in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of the 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the *"Series A-1B Notes"*) of the Company in the aggregate principal amount of $47,500,000 which, together with the Company's $47,500,000 aggregate principal amount of 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the *"Series A-1A Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the *"Series A-2A Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the *"Series A-2B Notes"*), $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the *"Series A-3A Notes"*) and $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the *"Series A-3B Notes"*; the Series A-1A Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A

Notes and the Series A-3B Notes being hereinafter referred to collectively as the "*Series A Notes*") issued pursuant to separate Note Purchase Agreements, dated as of December 4, 2012 (as from time to time amended or supplemented, the "*Note Purchase Agreements*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof together with additional Series of Notes from time to time issued thereunder (the "*Supplemental Notes*", and collectively with the Series A Notes, the "*Notes*"). Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.1** and **Section 6.2** and (iii) to have agreed to the covenants and agreements of the holders set forth in the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

STERIS CORPORATION

By

[Title]

[FORM OF SERIES A-2A NOTE]

STERIS CORPORATION

3.35% Senior Notes, Series A-2A, due December 4, 2024

No. [_____] [Date]

$[_____] PPN 859152 C#5

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on December 4, 2024, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 3.35% per annum from the date hereof, payable semiannually, on the fourth day of June and December in each year, commencing with the June or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 5.35%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Bank of New York in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of the 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the *"Series A-2A Notes"*) of the Company in the aggregate principal amount of $40,000,000 which, together with the Company's $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the *"Series A-1A Notes"*), $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the *"Series A-1B Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the *"Series A-2B Notes"*), $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the *"Series A-3A Notes"*) and $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the *"Series A-3B Notes"*; the Series A-1A Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A

Notes and the Series A-3B Notes being hereinafter referred to collectively as the "*Series A Notes*") issued pursuant to separate Note Purchase Agreements, dated as of December 4, 2012 (as from time to time amended or supplemented, the "*Note Purchase Agreements*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof together with additional Series of Notes from time to time issued thereunder (the "*Supplemental Notes*", and collectively with the Series A Notes, the "*Notes*"). Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.1** and **Section 6.2** and (iii) to have agreed to the covenants and agreements of the holders set forth in the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

STERIS CORPORATION

By

[Title]

[FORM OF SERIES A-2B NOTE]

STERIS CORPORATION

3.35% Senior Notes, Series A-2B, due December 4, 2024

No. [_____] [Date]

$[_____] PPN 859152 D*8

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on December 4, 2024, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 3.35% per annum from the date hereof, payable semiannually, on the fourth day of June and December in each year, commencing with the June or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 5.35%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Bank of New York in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of the 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the *"Series A-2B Notes"*) of the Company in the aggregate principal amount of $40,000,000 which, together with the Company's $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the *"Series A-1A Notes"*), $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the *"Series A-1B Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the *"Series A-2A Notes"*), $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the *"Series A-3A Notes"*) and $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the *"Series A-3B Notes"*; the Series A-1A Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A

Notes and the Series A-3B Notes being hereinafter referred to collectively as the *"Series A Notes"*) issued pursuant to separate Note Purchase Agreements, dated as of December 4, 2012 (as from time to time amended or supplemented, the *"Note Purchase Agreements"*), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof together with additional Series of Notes from time to time issued thereunder (the *"Supplemental Notes"*, and collectively with the Series A Notes, the *"Notes"*). Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.1** and **Section 6.2** and (iii) to have agreed to the covenants and agreements of the holders set forth in the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

STERIS CORPORATION

By

[Title]

[FORM OF SERIES A-3A NOTE]

STERIS CORPORATION

3.55% Senior Notes, Series A-3A, due December 4, 2027

No. [_____] [Date]

$[_____] PPN 859152 D@6

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on December 4, 2027, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 3.55% per annum from the date hereof, payable semiannually, on the fourth day of June and December in each year, commencing with the June or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 5.55%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Bank of New York in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of the 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the *"Series A-3A Notes"*) of the Company in the aggregate principal amount of $12,500,000 which, together with the Company's $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the *"Series A-1A Notes"*), $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the *"Series A-1B Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the *"Series A-2A Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the *"Series A-2B Notes"*), and $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the *"Series A-3B Notes"*; the Series A-1A Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A

Notes and the Series A-3B Notes being hereinafter referred to collectively as the *"Series A Notes"*) issued pursuant to separate Note Purchase Agreements, dated as of December 4, 2012 (as from time to time amended or supplemented, the *"Note Purchase Agreements"*), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof together with additional Series of Notes from time to time issued thereunder (the *"Supplemental Notes"*, and collectively with the Series A Notes, the *"Notes"*). Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.1** and **Section 6.2** and (iii) to have agreed to the covenants and agreements of the holders set forth in the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

STERIS CORPORATION

By

[Title]

[FORM OF SERIES A-3B NOTE]

STERIS CORPORATION

3.55% Senior Notes, Series A-3B, due December 4, 2027

No. [_____] [Date]

$[_____] PPN 859152 D#4

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on December 4, 2027, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 3.55% per annum from the date hereof, payable semiannually, on the fourth day of June and December in each year, commencing with the June or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to 5.55%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Bank of New York in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of the 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the *"Series A-3B Notes"*) of the Company in the aggregate principal amount of $12,500,000 which, together with the Company's $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the *"Series A-1A Notes"*), $47,500,000 aggregate principal amount 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the *"Series A-1B Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the *"Series A-2A Notes"*), $40,000,000 aggregate principal amount 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the *"Series A-2B Notes"*), and $12,500,000 aggregate principal amount 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the *"Series A-3A Notes"*; the Series A-1A Notes, the Series A-1B Notes, the Series A-2A Notes, the Series A-2B Notes, the Series A-3A

Notes and the Series A-3B Notes being hereinafter referred to collectively as the *"Series A Notes"*) issued pursuant to separate Note Purchase Agreements, dated as of December 4, 2012 (as from time to time amended or supplemented, the *"Note Purchase Agreements"*), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof together with additional Series of Notes from time to time issued thereunder (the *"Supplemental Notes"*, and collectively with the Series A Notes, the *"Notes"*). Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.1** and **Section 6.2** and (iii) to have agreed to the covenants and agreements of the holders set forth in the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

STERIS CORPORATION

By

[Title]

[FORM OF SUPPLEMENTAL NOTE]

STERIS CORPORATION

____% Senior Note, Series ___, due _____ __, ___

No. [_____] [Date]

$[_____] PPN[_____]

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Ohio, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on _____ __, ____, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of ____% per annum from the date hereof, payable semiannually, on the _____ day of _____ and _____ in each year, commencing with the [_____] or [_____] next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to ____%.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at [_____] or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of Senior Notes (herein called the *"Series ___ Notes"*) issued pursuant to Supplemental Note Purchase Agreements dated as of _____ to separate Note Purchase Agreements, dated as of December 4, 2012 (as from time to time amended or supplemented, the *"Note Purchase Agreements"*), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof, together with additional Series of Notes from time to time issued thereunder (the *"Supplemental Notes"*, and collectively with the notes issued under the Note Purchase Agreements, the *"Notes"*). Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in

Section 6.1 and **Section 6.2** and (iii) to have agreed to the covenants and agreements of the holders set forth in the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

[The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreements.] [This Note is [also] subject to [optional] prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.]

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

STERIS CORPORATION

By

[Title]

FORM OF SUPPLEMENTAL NOTE PURCHASE AGREEMENT

STERIS CORPORATION
5960 HEISLEY ROAD
MENTOR, OHIO 44060-1834

As of _____, _____

To Each of the Purchasers
Named in the Supplemental
Purchaser Schedule Attached Hereto

Ladies and Gentlemen:

Reference is made to those certain Note Purchase Agreements, each dated as of December 4, 2012 between the Company and each of the Initial Purchasers named in the Initial Purchaser Schedule attached thereto (the *"Agreement"*). Terms used but not defined herein shall have the respective meanings set forth in the Agreement.

As contemplated in **Section 2.3** of the Agreement, the Company agrees with you as follows:

A. *Subsequent Series of Notes.* The Company has authorized and will create a Subsequent Series of Notes to be called the *"Series ___ Notes."* Said Series ___ Notes will be dated the date of issue; will bear interest (computed on the basis of a 360-day year of twelve 30-day months) from such date at the rate of ____% per annum, payable semiannually in arrears on the ___ day of each _____ and _____ in each year (commencing _____, _____) until the principal amount thereof shall become due and payable and shall bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and, to the extent permitted by law, on any overdue installment of interest at the rate specified therein after the date due for payment, whether by acceleration or otherwise, until paid; will be expressed to mature on _____, _____; and will be substantially in the form attached to the Agreement as **Exhibit 1.2** with the appropriate insertions to reflect the terms and provisions set forth above.

B. *Purchase and Sale of Series ___ Notes.* The Company hereby agrees to sell to each Supplemental Purchaser set forth on the Supplemental Purchaser Schedule attached hereto (collectively, the *"Series ___ Purchasers"*) and, subject to the terms and conditions in the Agreement and herein set forth, each Series ___ Purchaser agrees to purchase from the Company the aggregate principal amount of the Series ___ Notes set opposite each Series ___ Purchaser's name in the

Supplemental Purchaser Schedule at 100% of the aggregate principal amount. The sale of the Series ___ Notes shall take place at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603 at 10:00 a.m. Chicago time, at a closing the (*"Series ___ Closing"*) on _____, ____, or such other date as shall be agreed upon by the Company and each Series ___ Purchaser. At the Series ___ Closing the Company will deliver to each Series ___ Purchaser one or more Series ___ Notes registered in such Series ___ Purchaser's name (or in the name of its nominee), evidencing the aggregate principal amount of Series ___ Notes to be purchased by said Series ___ Purchaser and in the denomination or denominations specified with respect to such Series ___ Purchaser in the Supplemental Purchaser Schedule attached hereto against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account on the date of the Series ___ Closing (the *"Series ___ Closing Date"*) (as specified in a notice to each Series ___ Purchaser at least three Business Days prior to the Series ___ Closing Date).

C. *Conditions of Series ___ Closing.* The obligation of each Series ___ Purchaser to purchase and pay for the Series ___ Notes to be purchased by such purchaser hereunder on the Series ___ Closing Date is subject to the satisfaction, on or before such Series ___ Closing Date, of the conditions set forth in **Section 4** of the Agreement, and to the following additional conditions:

(a) Except as supplemented, amended or superseded by the representations and warranties set forth in **Exhibit A** hereto, each of the representations and warranties of the Company set forth in **Section 5** of the Agreement shall be correct as of the Series __ Closing Date and the Company shall have delivered to each Series __ Purchaser an Officer's Certificate, dated the Series __ Closing Date certifying that such condition has been fulfilled.

(b) Each Subsidiary Guarantor shall have confirmed in writing that the Series __ Notes shall be guaranteed by the Subsidiary Guaranty.

(c) Contemporaneously with the Series __ Closing, the Company shall sell to each Series __ Purchaser, and each Series __ Purchaser shall purchase, the Series __ Notes to be purchased by such Series __ Purchaser at the Series __ Closing as specified in the Supplemental Purchaser Schedule.

D. *Prepayments*. The Series ___ Notes shall be subject to prepayment only (a) pursuant to the required prepayments, if any, specified in clause (x) below; and (b) pursuant to the optional prepayments permitted by **Section 8.2** of the Agreement.

(x) Required Prepayments; Maturity

[to be determined]

(y) Optional and Contingent Prepayments. As provided in **Sections 8.2** of the Agreement.

E. *Purchaser Representations*. Each Series ___ Purchaser represents and warrants that the representations and warranties set forth in **Section 6.1** and **6.2** of the Agreement are true and correct on the date hereof with respect to the purchase of the Series __ Notes by such Series ___ Purchaser.

F. *Series ___ Notes Issued under and Pursuant to Agreement.* Except as specifically provided above, the Series ___ Notes shall be deemed to be issued under, to be subject to and to have the benefit of all of the terms and provisions of the Agreement as the same may from time to time be amended and supplemented in the manner provided therein.

The execution hereof by the Series ___ Purchasers shall constitute a contract among the Company and the Series ___ Purchasers for the uses and purposes hereinabove set forth. By their acceptance hereof, each of the Series ___ Purchasers shall also be deemed to have accepted and agreed to the terms and provisions of the Agreement, as in effect on the date hereof.

STERIS CORPORATION

By

Its

Accepted as of

_____

[VARIATION]

By

Its

EXHIBIT 10.10

SUBSIDIARY GUARANTY

Dated as of December 4, 2012

Re: $47,500,000 3.20% Senior Notes, Series A-1A, due December 4, 2022
$47,500,000 3.20% Senior Notes, Series A-1B, due December 4, 2022
$40,000,000 3.35% Senior Notes, Series A-2A, due December 4, 2024
$40,000,000 3.35% Senior Notes, Series A-2B, due December 4, 2024
$12,500,000 3.55% Senior Notes, Series A-3A, due December 4, 2027
$12,500,000 3.55% Senior Notes, Series A-3B, due December 4, 2027

of

STERIS CORPORATION

TABLE OF CONTENTS

(Not a part of the Agreement)

SUBSIDIARY GUARANTY

Re: $47,500,000 3.20% Senior Notes, Series A-1A, due December 4, 2022
$47,500,000 3.20% Senior Notes, Series A-1B, due December 4, 2022
$40,000,000 3.35% Senior Notes, Series A-2A, due December 4, 2024
$40,000,000 3.35% Senior Notes, Series A-2B, due December 4, 2024
$12,500,000 3.55% Senior Notes, Series A-3A, due December 4, 2027
$12,500,000 3.55% Senior Notes, Series A-3B, due December 4, 2027

This SUBSIDIARY GUARANTY dated as of December 4, 2012 (the or this "*Guaranty*") is entered into on a joint and several basis by each of the undersigned, together with any entity which may become a party hereto by execution and delivery of a Guaranty Supplement in substantially the form set forth as **Exhibit A** hereto (a "*Guaranty Supplement*") (which parties are hereinafter referred to individually as a "*Guarantor*" and collectively as the "*Guarantors*").

RECITALS

A. Each Guarantor is a direct or indirect subsidiary of STERIS Corporation, an Ohio corporation (the "*Company*").

B. In order to refinance certain debt and for general corporate purposes, the Company has entered into those certain Note Purchase Agreements dated as of December 4, 2012 (the "*Note Purchase Agreements*") between the Company and each of the purchasers named on Schedule A thereto (the "*Initial Note Purchasers*"; the Initial Note Purchasers, together with their successors, assigns or any other future holder of the Notes (as defined below), the "*Holders*"), providing for, *inter alia*, the issue and sale by the Company to the Initial Note Purchasers of $47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1A, due December 4, 2022, $47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1B, due December 4, 2022, $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2A, due December 4, 2024, $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2B, due December 4, 2024, $12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3A, due December 4, 2027, and $12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3B, due December 4, 2027.

C. The Initial Note Purchasers have required as a condition to their purchase of the Notes that the Company cause each of the undersigned to enter into this Guaranty and to cause each Subsidiary (as defined in the Note Purchase Agreements) that after the date hereof delivers a guaranty pursuant to the Bank Credit Agreement (as defined in the Note Purchase Agreements) to enter into a Guaranty Supplement, in each case as security for the Notes, and the Company has agreed to

cause each of the undersigned to execute this Guaranty and to cause such additional Subsidiaries to execute a Guaranty Supplement, in each case in order to induce the Initial Note Purchasers to purchase the Notes and thereby benefit the Company and its Subsidiaries.

D. Each of the Guarantors will derive substantial direct and indirect benefit from the sale of the Notes to the Initial Note Purchasers.

NOW, THEREFORE, as required by the Note Purchase Agreements and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, each Guarantor does hereby covenant and agree, jointly and severally, intending to be legally bound as follows:

SECTION 1. DEFINITIONS .

Capitalized terms used herein shall have the meanings set forth in the Note Purchase Agreements unless herein defined or the context shall otherwise require.

SECTION 2. GUARANTY OF NOTES AND NOTE PURCHASE AGREEMENTS .

(a) Subject to the limitation set forth in **Section 2(b)** hereof and to the provisions of **Section 13** hereof, each Guarantor jointly and severally does hereby absolutely and unconditionally guarantee unto the Holders: (1) the full and prompt payment of the principal of, Make-Whole Amount, if any, and interest on the Notes from time to time outstanding, as and when such payments shall become due and payable whether by lapse of time, upon redemption or prepayment, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, Make-Whole Amount, if any, or interest at the rate set forth in the Notes and interest accruing at the then applicable rate provided in the Notes after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) in Federal or other immediately available funds of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts, (2) the full and prompt performance and observance by the Company of each and all of the obligations, covenants and agreements required to be performed or owed by the Company under the terms of the Notes and the Note Purchase Agreements and (3) the full and prompt payment, upon demand by any Holder, of all reasonable actual out of pocket costs and expenses, legal or otherwise (including attorneys' fees), if any, as shall have been expended or incurred in the protection or enforcement of any rights, privileges or liabilities in favor of the Holders under or in respect of the Notes, the Note Purchase Agreements or under this Guaranty or in any consultation or action in connection therewith or herewith and in each and every case irrespective

of the validity, regularity, or enforcement of any of the Notes or Note Purchase Agreements or any of the terms thereof or any other like circumstance or circumstances.

(b) The liability of each Guarantor under this Guaranty shall not exceed an amount equal to a maximum amount as will, after giving effect to such maximum amount and all other liabilities of such Guarantor, contingent or otherwise, result in the obligations of such Guarantor hereunder not constituting a fraudulent transfer, obligation or conveyance.

SECTION 3. GUARANTY OF PAYMENT AND PERFORMANCE .

This is a guarantee of payment and performance and each Guarantor hereby waives, to the fullest extent permitted by law, any right to require that any action on or in respect of any Note or the Note Purchase Agreements be brought against the Company or any other Person or that resort be had to any direct or indirect security for the Notes or for this Guaranty or any other remedy. Any Holder may, at its option, proceed hereunder against any Guarantor in the first instance to collect monies when due, the payment of which is guaranteed hereby, without first proceeding against the Company or any other Person and without first resorting to any direct or indirect security for the Notes or for this Guaranty or any other remedy. The liability of each Guarantor hereunder shall in no way be affected or impaired by any acceptance by any Holder of any direct or indirect security for, or other guaranties of, any Debt, liability or obligation of the Company or any other Person to any Holder or by any failure, delay, neglect or omission by any Holder to realize upon or protect any such guarantees, Debt, liability or obligation or any notes or other instruments evidencing the same or any direct or indirect security therefor or by any approval, consent, waiver, or other action taken, or omitted to be taken by any such Holder.

The covenants and agreements on the part of the Guarantors herein contained shall take effect as joint and several covenants and agreements, and references to the Guarantors shall take effect as references to each of them and none of them shall be released from liability hereunder by reason of the guarantee ceasing to be binding as a continuing security on any other of them.

SECTION 4. GENERAL PROVISIONS RELATING TO THE GUARANTY .

(a) Each Guarantor hereby consents and agrees that any Holder or Holders from time to time, with or without any further notice to or assent from any other Guarantor may, without in any manner affecting the liability of any Guarantor under this Guaranty, and upon such terms and conditions as any such Holder or Holders may deem advisable:

(1) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the performance or payment of

any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligations of the Company on the Notes, or waive any Default with respect thereto, or waive, modify, amend or change any provision of any other agreement or this Guaranty; or

(2) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such Holder as direct or indirect security for the payment or performance of any Debt, liability or obligation of the Company or of any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes; or

(3) settle, adjust or compromise any claim of the Company against any other Person secondarily or otherwise liable for any Debt, liability or obligation of the Company on the Notes.

Each Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives, to the fullest extent permitted by law, any and all defenses, counterclaims or offsets which it might or could have by reason thereof, it being understood that such Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(b) Each Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty by the Holders or of the creation, renewal or accrual of any liability of the Company, present or future, or of the reliance of such Holders upon this Guaranty (it being understood that every Debt, liability and obligation described in **Section 2** hereof shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty);

(2) demand of payment by any Holder from the Company or any other Person indebted in any manner on or for any of the Debt, liabilities or obligations hereby guaranteed; and

(3) presentment for the payment by any Holder or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to such Guarantor.

The obligations of each Guarantor under this Guaranty and the rights of any Holder to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise,

shall not be subject to any reduction, limitation, impairment or termination (other than by payment in full of the Notes and the obligations of the Company under the Note Purchase Agreements), whether by reason of any claim of any character whatsoever or otherwise and shall not be subject to any defense, set-off, counterclaim (other than any compulsory counterclaim), recoupment or termination whatsoever.

(c) Subject to **Section 13** hereof, the obligations of the Guarantors hereunder shall be binding upon the Guarantors and their successors and assigns, and shall remain in full force and effect until the entire principal, interest and Make-Whole Amount, if any, on the Notes and all other sums due pursuant to **Section 2** shall have been paid and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to or the consent of the Guarantors:

(1) the genuineness, validity, regularity or enforceability of the Notes, the Note Purchase Agreements or any other agreement or any of the terms of any thereof, the continuance of any obligation on the part of the Company, any other Guarantors or any other Person on or in respect of the Notes or under the Note Purchase Agreements or any other agreement or the power or authority or the lack of power or authority of the Company to issue the Notes or the Company to execute and deliver the Note Purchase Agreements or any other agreement or of any other Guarantors to execute and deliver this Guaranty or any other agreement or to perform any of its obligations hereunder or the existence or continuance of the Company or any other Person as a legal entity; or

(2) any default, failure or delay, willful or otherwise, in the performance by the Company, any other Guarantor or any other Person of any obligations of any kind or character whatsoever under the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(3) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Company, any other Guarantor or any other Person or in respect of the property of the Company, any other Guarantor or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Company, any other Guarantor or any other Person; or

(4) impossibility or illegality of performance on the part of the Company, any other Guarantor or any other Person of its obligations under the Notes, the Note Purchase Agreements, this Guaranty or any other agreements; or

(5) in respect of the Company, any other Guarantors or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Company, any other Guarantors or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other *force majeure*, whether or not beyond the control of the Company, any other Guarantors or any other Person and whether or not of the kind hereinbefore specified; or

(6) any attachment, claim, demand, charge, Lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, Debt, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against the Company, any Guarantor or any other Person or any claims, demands, charges or Liens of any nature, foreseen or unforeseen, incurred by the Company, any Guarantor or any other Person, or against any sums payable in respect of the Notes or under the Note Purchase Agreements or this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided; or

(7) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the performance by the Company, any Guarantor or any other Person of its respective obligations under or in respect of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement; or

(8) the failure of any Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty; or

(9) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to any Guarantor of failure of the Company, any Guarantor or any other Person to keep and perform any obligation, covenant or agreement under the terms of the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or failure to resort for payment to the Company, any other Guarantor or to any

other Person or to any other guaranty or to any property, security, Liens or other rights or remedies; or

(10) the acceptance of any additional security or other guaranty, the advance of additional money to the Company or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Note Purchase Agreements or any other agreement, or the sale, release, substitution or exchange of any security for the Notes; or

(11) any merger or consolidation of the Company, any other Guarantor or any other Person into or with any other Person or any sale, lease, transfer or other disposition of any of the assets of the Company, any other Guarantor or any other Person to any other Person, or any change in the ownership of any shares of the Company, any other Guarantor or any other Person; or

(12) any defense whatsoever that: (i) the Company or any other Person might have to the payment of the Notes (principal, Make-Whole Amount, if any, or interest), other than payment thereof in Federal or other immediately available funds, or (ii) the Company or any other Person might have to the performance or observance of any of the provisions of the Notes, the Note Purchase Agreements or any other agreement, whether through the satisfaction or purported satisfaction by the Company, any other Guarantor or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding-up or otherwise, other than the defense of indefeasible payment in full in cash of the Notes; or

(13) any act or failure to act with regard to the Notes, the Note Purchase Agreements, this Guaranty or any other agreement or anything which might vary the risk of any Guarantor or any other Person; or

(14) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Guarantor or any other Person in respect of the obligations of any Guarantor or other Person under this Guaranty or any other agreement, other than the defense of indefeasible payment in full in cash of the Notes;

provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty and the parties hereto that the obligations of each Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except pursuant to **Section 13** hereof and by the payment of the principal of, Make-Whole Amount, if any,

and interest on the Notes in accordance with their respective terms whenever the same shall become due and payable as in the Notes provided and all other sums due and payable under the Note Purchase Agreements, at the place specified in and all in the manner and with the effect provided in the Notes and the Note Purchase Agreements, as each may be amended or modified from time to time. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Company shall default under or in respect of the terms of the Notes or the Note Purchase Agreements and that notwithstanding recovery hereunder for or in respect of any given default or defaults by the Company under the Notes or the Note Purchase Agreements, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(d) All rights of any Holder may be transferred or assigned at any time and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note in accordance with the Note Purchase Agreements whether with or without the consent of or notice to the Guarantors under this Guaranty or to the Company.

(e) To the extent of any payments made under this Guaranty, the Guarantors shall be subrogated to the rights of the Holder or Holders upon whose Notes such payment was made, but each Guarantor covenants and agrees that such right of subrogation shall be junior and subordinate in right of payment to the prior indefeasible final payment in cash in full of all amounts due and owing by the Company with respect to the Notes and the Note Purchase Agreements and by the Guarantors under this Guaranty, and the Guarantors shall not take any action to enforce such right of subrogation, and the Guarantors shall not accept any payment in respect of such right of subrogation, until all amounts due and owing by the Company under or in respect of the Notes and the Note Purchase Agreements and all amounts due and owing by the Guarantors hereunder have indefeasibly been finally paid in cash in full. If any amount shall be paid to any Guarantor in violation of the preceding sentence at any time prior to the indefeasible payment in cash in full (or other satisfaction agreed to by the Holders) of the Notes and all other amounts payable under the Notes, the Note Purchase Agreements and this Guaranty, such amount shall be held in trust for the benefit of the Holders and shall, except to the extent the Holders have received payment, promptly be paid to the Holders to be credited and applied to the amounts due or to become due with respect to the Notes and all other amounts payable under the Note Purchase Agreements and this Guaranty, whether matured or unmatured. Each Guarantor acknowledges that it has received direct and indirect benefits from the financing arrangements contemplated by the Note Purchase Agreements and that the waiver set forth in this **paragraph (e)** is knowingly made as a result of the receipt of such benefits.

(f) To the extent of any payments made under this Guaranty, each Guarantor making such payment shall have a right of contribution from the other Guarantors, but such Guarantor covenants

and agrees that such right of contribution shall be subordinate in right of payment to the rights of the Holders for which full payment has not been made or provided for and, to that end, such Guarantor agrees not to claim or enforce any such right of contribution unless and until all of the Notes and all other sums due and payable under the Note Purchase Agreements have been fully and irrevocably paid and discharged.

(g) Each Guarantor agrees that to the extent the Company, any other Guarantor or any other Person makes any payment on any Note, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered, rescinded, or otherwise defeased or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantors' obligations hereunder, as if said payment had not been made. The liability of the Guarantors hereunder shall not be reduced or discharged, in whole or in part, by any payment to any Holder from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(h) No Holder shall be under any obligation: (1) to marshal any assets in favor of the Guarantors or in payment of any or all of the liabilities of the Company under or in respect of the Notes or the obligations of the Guarantors hereunder or (2) to pursue any other remedy that the Guarantors may or may not be able to pursue themselves and that may lighten the Guarantors' burden, any right to which each Guarantor hereby expressly waives.

(i) The obligations of each Guarantor under this Guaranty rank *pari passu* in right of payment with all other Debt of such Guarantor which is not secured or which is not expressly subordinated in right of payment to any other unsecured Debt of such Guarantor.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS.

Each Guarantor represents and warrants to each Holder that:

(a) Such Guarantor is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on (1) the business, operations, affairs, financial condition, assets or

properties of the Company and its subsidiaries, taken as a whole, or (2) the ability of such Guarantor to perform its obligations under this Guaranty, or (3) the validity or enforceability of this Guaranty. Such Guarantor has the power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty and to perform the provisions hereof.

(b) This Guaranty has been duly authorized by all necessary action on the part of such Guarantor, and upon execution and delivery of this Guaranty and of the Note Purchase Agreements and receipt of consideration for the Note Purchase Agreements and the Notes, this Guaranty will constitute a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (1) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (2) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance by such Guarantor of this Guaranty will not (1) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor under any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, charter document or by-law, or any other material agreement or instrument to which such Guarantor is bound or by which such Guarantor or any of its properties may be bound or affected, (2) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Guarantor or (3) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the such Guarantor.

(d) No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by the Guarantor is required in connection with the execution, delivery or performance by such Guarantor of this Guaranty.

(e) Such Guarantor has capital not unreasonably small in relation to its business or any contemplated or undertaken transaction and has assets having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts as they become due and greater than the amount that will be required to pay its probable liability on its existing debts as they become absolute and matured. Such Guarantor does not intend to incur, or believe or should have believed that it will incur, debts beyond its ability to pay such debts as they become due. Such Guarantor will not be rendered insolvent by the execution and delivery of, and performance of its obligations under, this Guaranty. Such Guarantor does not intend to hinder, delay or defraud its creditors by or through the execution and delivery of, or performance of its obligations under, this Guaranty.

SECTION 6. GUARANTOR COVENANTS .

From and after the date of issuance of the Notes by the Company and continuing so long as any amount remains unpaid thereon each Guarantor agrees to comply with the terms and provisions of Sections 9.1, 9.2, 9.3, 9.4 and 9.5 of the Note Purchase Agreements, insofar as such provisions apply to such Guarantor, as if said Sections were set forth herein in full.

SECTION 7. [RESERVED]

SECTION 8. GOVERNING LAW .

(a) THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

(b) Each Guarantor hereby (1) irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Guaranty may be litigated in such courts, and (2) waives any objection which it may have based on improper venue or *forum non conveniens* to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and (3) consents that all such service of process be made by delivery to it at the address of such Person set forth in **Section 11** below or to its agent referred to below at such agent's address set forth below (with a courtesy copy to such Guarantor at the address set forth in **Section 11**) and that service so made shall be deemed to be completed upon actual receipt. Each Guarantor hereby irrevocably appoints the Company, as its agent for the purpose of accepting service of any process. In the event the Company (or any successor thereto) shall in accordance with the terms of the Note Purchase Agreement be organized under the laws of any jurisdiction other than any state of the United States or the District of Columbia, each Guarantor agrees it shall irrevocably appoint CT Corporation System, with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent for the purpose of accepting service of any process within the State of New York. Nothing contained in this section shall affect the right of any Holder to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against a Guarantor or to enforce a judgment obtained in the courts of any other jurisdiction.

(c) The parties hereto waive any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between them arising out of, connected with, related to or incidental to the relationship established between them in connection with this Guaranty, any financing agreement, any loan party document or any other instrument, document or agreement executed or delivered in connection herewith or the transactions related hereto. The parties hereto

hereby agree and consent that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that any of them may file an original counterpart or a copy of this Guaranty with any court as written evidence of the consent of the parties hereto to the waiver of their right to trial by jury.

SECTION 9. [RESERVED]

SECTION 10. AMENDMENTS, WAIVERS AND CONSENTS .

(a) This Guaranty may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Required Holders.

(b) The Guarantors will provide each Holder (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. The Guarantors will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this **Section 10** to each Holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Holders.

(c) The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of fee or otherwise, or grant any security, to any Holder as consideration for or as an inducement to the entering into by any Holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each Holder even if such Holder did not consent to such waiver or amendment.

(d) Any amendment or waiver consented to as provided in this **Section 10** applies equally to all Holders and is binding upon them and upon each future holder and upon the Guarantors. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantors and any Holder nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of any Holder. As used herein, the term “this Guaranty” and references thereto shall mean this Guaranty as it may from time to time be amended or supplemented.

(e) Solely for the purpose of determining whether the Holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty, Notes directly or indirectly owned

by any Guarantor, the Company or any of their respective subsidiaries or Affiliates shall be deemed not to be outstanding.

SECTION 11. NOTICES .

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(1) if to an Initial Note Purchaser or such Initial Note Purchaser's nominee, to such Initial Note Purchaser or such Initial Note Purchaser's nominee at the address specified for such communications in Schedule A to the Note Purchase Agreements, or at such other address as such Initial Note Purchaser or such Initial Note Purchaser's nominee shall have specified to any Guarantor or the Company in writing,

(2) if to any other Holder, to such Holder at such address as such Holder shall have specified to any Guarantor or the Company in writing, or

(3) if to any Guarantor, to such Guarantor c/o the Company at its address set forth at the beginning of the Note Purchase Agreements to the attention of Corporate Treasurer, or at such other address as such Guarantor shall have specified to the Holders in writing.

Notices under this **Section 11** will be deemed given only when actually received.

SECTION 12. MISCELLANEOUS .

(a) No remedy herein conferred upon or reserved to any Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any Holder to exercise any remedy reserved to it under the Guaranty, it shall not be necessary for such Holder to physically produce its Note in any proceedings instituted by it or to give any notice, other than such notice as may be herein expressly required.

(b) The Guarantors will pay all sums becoming due under this Guaranty by the method and at the address specified in the Note Purchase Agreements, or by such other method or at such other address as any Holder shall have from time to time specified to the Guarantors in writing for such purpose, without the presentation or surrender of this Guaranty or any Note.

(c) Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

(d) If the whole or any part of this Guaranty shall be now or hereafter become unenforceable against any one or more of the Guarantors for any reason whatsoever or if it is not executed by any one or more of the Guarantors, this Guaranty shall nevertheless be and remain fully binding upon and enforceable against each other Guarantor as if it had been made and delivered only by such other Guarantors.

(e) This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns so long as its Notes remain outstanding and unpaid.

(f) This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

SECTION 13. RELEASE .

Notwithstanding anything that may be contained herein to the contrary, the Holders agree that, in accordance with Section 2.2(e) of the Note Purchase Agreements, this Guaranty shall be automatically released and discharged without the necessity of further action on the part of the Holders if, and to the extent, the corresponding guaranty given pursuant to the terms of the Bank Credit Agreement is released and discharged; *provided* that in the event the Guarantor shall again become obligated under or with respect to the previously discharged Guaranty pursuant to the terms and provisions of the Guaranty, the Bank Credit Agreement or any additional bank loan agreement entered into by the Company pursuant to which such lenders make available to the Company credit facilities which are *pari passu* with the Notes, then the obligations of such Guarantor under this Guaranty shall be reinstated and any release thereof previously given shall be deemed null and void, and such Guaranty shall again benefit the Holders on an equal and *pro rata* basis and such Guaranty

shall once again be subject to the terms of the Intercreditor Agreement. Any release by the Holders shall be deemed to have occurred concurrently with the release and discharge under the Bank Credit Agreement. The Company shall promptly notify the Holders of any release of a Subsidiary Guaranty pursuant to this **Section 13** and shall deliver evidence of any release or discharge of a guaranty or Lien in customary form.

[Intentionally Blank]

IN WITNESS WHEREOF, the undersigned has caused this Subsidiary Guaranty to be duly executed by an authorized representative as of the date hereof.

AMERICAN STERILIZER COMPANY
STERIS INC.
ISOMEDIX OPERATIONS INC.
STERIS ISOMEDIX SERVICES, INC.
UNITED STATES ENDOSCOPY GROUP, INC.
SPECTRUM SURGICAL INSTRUMENTS CORP.

By: /s/ William L. Aamoth

Name: William L. Aamoth

Title: Vice President and Treasurer

ACCEPTED AND AGREED:

STERIS CORPORATION

By: /s/ William L. Aamoth

Name: William L. Aamoth

Title: Vice President and Corporate Treasurer

GUARANTY SUPPLEMENT

To the Holders of the Series A-1A Notes, Series A-1B Notes, Series A-2A Notes, Series A-2B Notes, Series A-3A Notes and Series A-3B Notes (as hereinafter defined) of STERIS Corporation (the "*Company*")

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company issued (a) $47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the "*Series A-1A Notes*"), $47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the "*Series A-1B Notes*"), $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the "*Series A-2A Notes*"), $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the "*Series A-2B Notes*"), $12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the "*Series A-3A Notes*"), and $12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the "*Series A-3B Notes*"; the Series A-1A Notes, Series A-1B Notes, Series A-2A Notes, Series A-2B Notes, Series A-3A Notes and the Series A-3B Notes shall be collectively referred to herein to the "*Notes*") pursuant to those certain Note Purchase Agreements dated as of December 4, 2012 (the "*Note Purchase Agreements*") between the Company and each of the purchasers named on Schedule A thereto (the "*Initial Note Purchasers*").

WHEREAS, as a condition precedent to their purchase of the Notes, the Initial Note Purchasers required that certain subsidiaries of the Company enter into a Subsidiary Guaranty as security for the Notes (the "*Guaranty*").

Pursuant to Section 9.7 of the Note Purchase Agreements, the Company has agreed to cause the undersigned, _____, a _____ organized under the laws of _____ (the "*Additional Guarantor*"), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreements and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected _____ of the Additional Guarantor, a subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

[The Additional Guarantor hereby irrevocably appoints CT Corporation System, with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent for the purpose of accepting service of any process within the State of New York.] [THE FOREGOING TO BE ADDED IF EACH OF THE ADDITIONAL GUARANTOR AND THE COMPANY IS ORGANIZED UNDER THE LAWS OF ANY JURISDICTION OTHER THAN ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA.]

In the event the Additional Guarantor is organized under the laws of any jurisdiction other than any state of the United States or the District of Columbia, the following **paragraphs (a)** and (**b)** shall be deemed incorporated in the Guaranty as if such paragraphs were set forth therein in full:

(a) Each payment by a Guarantor shall be made, under all circumstances, without setoff, counterclaim or reduction for, and free from and clear of, and without deduction for or because of, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholding, restrictions or conditions of any nature whatsoever (hereinafter called *"Relevant Taxes"*) imposed, levied, collected, assessed, deducted or withheld by the government of any country or jurisdiction (or any authority therein or thereof), other than the United States of America or any political subdivision or authority therein or thereof, from or through which payments hereunder or on or in respect of the Notes are actually made (each a *"Taxing Jurisdiction"*), unless such imposition, levy, collection, assessment, deduction, withholding or other restriction or condition is required by law. If a Guarantor is required by law to make any payment under the Guaranty subject to such deduction, withholding or other restriction or condition, then such Guarantor shall forthwith (i) pay over to the government or taxing authority imposing such tax the full amount required to be deducted, withheld from or otherwise paid by such Guarantor (including the full amount required to be deducted or withheld from or otherwise paid by such Guarantor in respect of the Tax Indemnity Amounts (as defined below)); (ii) pay each Holder such additional amounts (*"Tax Indemnity Amounts"*) as may be necessary in order that the net amount of every payment made to each Holder, after provision for payment of such Relevant Taxes (including any required deduction, withholding or other payment of tax on or with respect to such Tax Indemnity Amounts), shall be equal to the amount which such holder would

have received had there been no imposition, levy, collection, assessment, deduction, withholding or other restriction or condition. Notwithstanding the foregoing provisions of this **paragraph (a)**, no such Tax Indemnity Amounts shall be payable for or on account of any tax, assessment or other governmental charge that is imposed or withheld by reason of the failure of the Holder to complete, execute, update and deliver to such Guarantor any form or document to the extent applicable to such Holder that may be required by law or by reason of administration of such law and which is reasonably requested in writing to be delivered by such Guarantor in order to enable such Guarantor to make payments pursuant to this **paragraph (a)** without deduction or withholding for taxes, assessments or governmental charges, or with deduction or withholding of such lesser amount, which form or document shall be delivered within one hundred twenty days of a written request therefor by such Guarantor. If in connection with the payment of any such Tax Indemnity Amounts, any Holder that is a United States person within the meaning of the Code or a foreign person engaged in a trade or business within the United States of America, incurs taxes imposed by the United States of America or any political subdivision or taxing authority therein (*"United States Taxes"*) on such Tax Indemnity Amounts, such Guarantor shall pay to such Holder such further amount as will insure that the net expenditure of the Holder for United States Taxes due to receipt of such Tax Indemnity Amounts (after taking into account any withholding, deduction, tax credit or tax benefit in respect of such further amount or any Tax Indemnity Amount) is no greater than it would have been had no Tax Indemnity Amounts been paid to the Holder.

(b) Any payment made by such Guarantor to any Holder for the account of any such holder in respect of any amount payable by such Guarantor shall be made in the lawful currency of the United States of America (*"U.S. Dollars"*). Any amount received or recovered by such holder other than in U.S. Dollars (whether as a result of, or of the enforcement of, a judgment or order of any court, or in the liquidation or dissolution of such Guarantor or otherwise) in respect of any such sum expressed to be due hereunder or under the Notes shall constitute a discharge of such Guarantor only to the extent of the amount of U.S. Dollars which such Holder is able, in accordance with normal banking procedures, to purchase with the amount so received or recovered in that other currency on the date of the receipt or recovery (or, if it is not practicable to make that purchase on such date, on the first date on which it is practicable to do so). If the amount of U.S. Dollars so purchased is less than the amount of U.S. Dollars expressed to be due hereunder or under the Notes, such Guarantor agrees as a separate and independent obligation from the other obligations herein, notwithstanding any such judgment, to indemnify the Holder against the loss. If the amount of U.S. Dollars so purchased exceeds the amount of U.S. Dollars expressed to be due hereunder or under the Notes, then such Holder agrees to remit such excess to such Guarantor.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: _____, _____.

[NAME OF ADDITIONAL GUARANTOR]

By:

Its

ACCEPTED AND AGREED:

STERIS CORPORATION

By:

Name:

Title:

EXHIBIT 10.11

AMENDMENT TO
NONQUALIFIED STOCK OPTION AGREEMENT

Each Nonqualified Stock Option Agreement (each an "Agreement") for stock option grants made to Optionee on or after January 1, 2009 and prior to February 9, 2013 pursuant to the STERIS Corporation 2006 Long-Term Equity Incentive Plan (the "Plan") is hereby amended as follows:

1. The following new section is added to the end of the Agreement:

   Extended Exercise Period. Notwithstanding Section 11(b)(i) of the Plan, for purposes of this Agreement and for purposes of the Option and the Plan provisions relating to this Agreement and the Option that use the term "Extended Exercise Period", "Extended Exercise Period" means the period that begins on the date of retirement and ends on the expiration date of the Option.

2. Capitalized terms used but not defined herein that are defined in or pursuant to the Agreement shall have the meaning provided in the Agreement.

3. Except as otherwise provided herein, the Agreement shall remain in full force and effect and unmodified.

IN WITNESS WHEREOF, STERIS Corporation has caused this Amendment to Nonqualified Stock Option Agreement to be executed as of the ____ day of _____, _____.

STERIS CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT 10.12

STERIS CORPORATION

FORM OF NONQUALIFIED STOCK OPTION AGREEMENT FOR NONEMPLOYEE DIRECTORS

This Agreement is between STERIS Corporation ("STERIS") and _____ ("Optionee"), with respect to the grant of a Nonqualified Stock Option by STERIS to Optionee pursuant to the STERIS Corporation 2006 Long-Term Equity Incentive Plan, as Amended and Restated Effective July 28, 2011, and as further amended from time to time (the "Plan"). (Capitalized terms used in this Agreement and not otherwise defined have the meanings assigned to them in the Plan.)

1. *Grant of Option*. STERIS hereby grants to Optionee, as of _____ __, 20__ ("Date of Grant"), an option (the "Option") to purchase all or any number of an aggregate of _____ STERIS Common Shares, at an exercise price of $_____ per share upon and subject to the terms of this Agreement and the Plan. The Option is granted as additional consideration for services to be rendered by Optionee as a Director of STERIS during the period commencing on _____ and continuing through the date of the Annual Meeting of the shareholders of STERIS to be held in 20__.

2. *Documents Delivered with Agreement.* STERIS has delivered or made available to the Optionee, along with this Agreement, the following documents: (a) a copy of STERIS's Policy Prohibiting the Improper Use of Material Non-Public Information (the "Policy"); (b) the Plan and its related Prospectus; (c) two copies of an acknowledgment form (the "Acknowledgment Form"); and (d) STERIS's most recent Annual Report to Shareholders and Form 10-K filed with the U.S. Securities and Exchange Commission. Acceptance and compliance with these documents is a condition of the effectiveness of this grant of nonqualified stock options. By accepting this Agreement or executing the Acknowledgement, the Optionee acknowledges receipt, review and acceptance of these documents and compliance with their terms.

3. *Terms and Conditions of Option.* The Option is a Nonqualified Option and shall not be treated as an Incentive Stock Option. Except as otherwise provided in this Agreement, the Option shall be subject to all of the terms and conditions of the Plan. As a condition to the effectiveness of the Option, Optionee must return to STERIS signed copies of (a) this Agreement and (b) the Acknowledgment Form. If Optionee violates the terms of the Policy, the Plan, or this Agreement, or any agreement with similar terms previously entered into by Optionee (collectively "Prior Agreements"), any and all options to purchase Common Shares that were granted by STERIS to Optionee (including the Option granted by this Agreement or any Prior Agreements) shall be forfeited, void, and of no further force and effect.

4. *Term of Option.* The Option shall be exercisable _____ and shall terminate at the close of business on, and shall not be exercisable at any time after, the tenth (10^{th}) anniversary of the Date of Grant, except as provided in Section 11(d) of the Plan.

5. *Exercise of Option*. Except as otherwise provided in Section 11 of the Plan, the rules of which shall apply to this Agreement, the Option shall be exercisable only while Optionee is a Director of STERIS. To the extent exercisable under the Agreement, the Option may be exercised from time to time in whole or in part.

6. *Method of Exercise*. A request to exercise the Option requires delivery of (a) the Option Price payable in cash or by check acceptable to the Company or by wire transfer of immediately available funds, or by such other methods as may be approved by the Board or the Chief Executive Officer or his delegatee or delegatees, as applicable and (b) a written notice to STERIS identifying this Agreement and specifying the number of

Common Shares as to which the Option is being exercised. The Common Shares to which Optionee is entitled upon exercise of the Option shall not be represented by certificates unless otherwise provided by resolution of the board of STERIS or required by law, but STERIS shall cause such Common Shares to be registered in the name of Optionee or Optionee's nominee in STERIS's stock registry promptly following exercise.

7. *Certain Determinations*. Application, violation, or other interpretation of the terms of this Agreement, the Plan, the Policy, any Prior Agreement, or any other STERIS policy shall be determined by the Board, in its sole discretion**,** and its determination shall be final and binding on Optionee and STERIS.

8. *Data Privacy*. By entering into the Agreement, and as a condition of the grant of the Option, Optionee consents to the collection, use and transfer of personal data as described in this Section 8. Optionee understands that STERIS and its Subsidiaries hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in STERIS, details of all Options or other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor, for the purpose of managing and administering the Plan ("Data"). Optionee further understands that STERIS and/or its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of the Optionee's participation in the Plan, and that STERIS and/or its Subsidiaries may each further transfer Data to any third parties assisting STERIS in the implementation, administration and management of the Plan ("Data Recipients"). Optionee understands that these Data Recipients may be located in Optionee's country of residence, the European Economic Area, and in countries outside the European Economic Area, including the United States. Optionee authorizes the Data Recipients to receive, possess, use, retain and transfer Data in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any transfer of such Data, as may be necessary or appropriate for the administration of the Plan and/or the subsequent holding of shares of stock on Optionee's behalf, to a broker or third party with whom the shares acquired on exercise may be deposited. Optionee understands that he or she may, at any time, review the Data, require any necessary amendments to it or withdraw the consent herein by notifying STERIS in writing. Optionee further understands that withdrawing consent may affect Optionee's ability to participate in the Plan, at the sole discretion of the Board or the Chief Executive Officer or his delegatee or delegatees, if applicable.

9. *Relation to Plan*. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

10. *Amendments*. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of Optionee under this Agreement without Optionee's consent.

11. *Severability*. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.

12. *Governing Law*. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Ohio, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction.

13. *Miscellaneous*. Nothing contained in this Agreement shall be understood as conferring on Optionee any right to continue as a Director of STERIS. STERIS reserves the right to correct any clerical, typographical, or other error in this Agreement or otherwise with respect to this grant. This Agreement shall inure to the benefit of and be binding upon its parties and their respective heirs, executors, administrators, successors, and assigns, but the Option shall not be transferable by Optionee other than as provided in Section 17 of the Plan.

14. *Qualifying Retirement*. Pursuant to Section 11 of the Plan, the Board hereby consents to the Optionee's Qualifying Retirement if, at the time that the Optionee terminates service with the Company, the Optionee satisfies the requirements of Section 11(b)(iii) of the Plan other than the requirement of the Board having consented thereto (which consent is hereby given). Notwithstanding Section 11(b)(i) of the Plan, for purposes of this Agreement and for purposes of the Option and the Plan provisions relating to this Agreement and the Option that use the term "Extended Exercise Period", "Extended Exercise Period" means the period that begins on the date of retirement and ends on the expiration date of the Option.

IN WITNESS WHEREOF, STERIS has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has executed this Agreement, all as of the Date of Grant.

STERIS Corporation **Optionee**

By: _____ **Signature by electronic acceptance and/or execution of the Acknowledgment and Acceptance form.**

EXHIBIT 10.13

STERIS CORPORATION
FORM OF NONQUALIFIED STOCK OPTION AGREEMENT FOR EMPLOYEES - _____ __, 20__

This Agreement ("Agreement") is between STERIS Corporation ("STERIS") and Optionee, with respect to the grant of a Nonqualified Stock Option by STERIS to Optionee pursuant to the STERIS Corporation 2006 Long-Term Equity Incentive Plan, as Amended and Restated Effective July 28, 2011, and as further amended from time to time (the "Plan").

1. *Grant of Option.* STERIS hereby grants to Optionee, as of the date ("Date of Grant") set forth above and in the Acknowledgment and Acceptance Form accompanying this Agreement ("Acknowledgment") an option (the "Option") to purchase all or any number of an aggregate of STERIS Common Shares as previously disclosed to Optionee and as reflected in the records of STERIS as granted as of the Date of Grant, at an exercise price of the closing sales price per share of STERIS's Common Shares as of the Date of Grant and as reported on the New York Stock Exchange Composite Tape (the "Option Price"), upon and subject to the terms of this Agreement and the Plan.

2. *Documents Delivered with Agreement.* STERIS has delivered or made available to the Optionee, along with this Agreement, the following documents: (a) STERIS's Policy Prohibiting the Improper Use of Material Non-Public Information (the "Policy"); (b) the Plan and its related Prospectus; (c) the Nondisclosure and Noncompetition Agreement to be entered into between STERIS and Optionee (the "Nondisclosure Agreement"); (d) the Acknowledgment; and (e) STERIS's most recent Annual Report to Shareholders and Form 10-K filed with the US Securities and Exchange Commission. Acceptance and compliance with these documents is a condition to the effectiveness of this grant of nonqualified stock options. By accepting this Agreement or executing the Acknowledgment, the Optionee acknowledges receipt, review and acceptance of these documents and compliance with their terms. Furthermore, as a condition of the grant of this Option, STERIS in its discretion, may require Optionee to return an executed copy of the Acknowledgement in such format as STERIS may require.

3. *Terms and Conditions of Option.* The Option is a Nonqualified Option and shall not be treated as an Incentive Stock Option. In addition to this Agreement, the Option shall also be subject to all of the terms and conditions of the Policy and Plan. The Option shall be effective upon the Optionee's acceptance of this Agreement and the Nondisclosure Agreement, both of which shall be conclusively deemed to have occurred either upon electronic acceptance or STERIS's receipt of the signed Acknowledgment. If Optionee violates the terms of the Policy, the Plan, this Agreement, the Nondisclosure Agreement, or any agreement with similar terms previously entered into by Optionee (collectively "Prior Agreements"), any and all options to purchase Common Shares that were granted by STERIS to Optionee (including the Option granted by this Agreement or any Prior Agreements) shall be forfeited, void, and of no further force and effect. Also, by accepting this Option, Optionee agrees that the Board or Chief Executive Officer of STERIS or his delegatee or delegatees may require the Optionee to use a specific broker dealer for the exercise and sale of the STERIS Common Shares subject to this Option or subject to any other option previously granted by STERIS to Optionee.

4. *Term of Option.* Unless earlier terminated pursuant to Section 11 of the Plan, the Option shall terminate at the close of business on, and shall not be exercisable at any time after, the tenth (10^{th}) anniversary of the Date of Grant.

5. *Vesting.* So long as Optionee remains in the employ of STERIS or a Subsidiary, but subject to the terms of this Agreement and the Plan, the Option shall vest **[**in ___ equal annual installments on each of the first ____ anniversaries of the Date of Grant (except that any portions of such installments representing fractional Common Shares shall be aggregated and shall be included in the portion of the Option that vests on the ___ anniversary of the Date of Grant)**]** [on _____]; provided, however, the provisions of Section 11 (d)(ii) of the Plan regarding immediate exercisability of Option Rights shall apply to the Option only if Optionee dies while in the service of STERIS or any Subsidiary.

6. *Exercise of Vested Option.* Except as otherwise provided in Section 11 of the Plan, the rules of which, as modified hereby, shall apply to this Agreement including as described in Section 16 of this Agreement, the Option shall be exercisable only while Optionee is in the employ of STERIS or a Subsidiary. To the extent exercisable under this Agreement, the Option may be exercised from time to time in whole or in part.

7. *Method of Exercise*. A request to exercise the Option requires delivery of (a) the Option Price payable in cash or by check acceptable to the Company or by wire transfer of immediately available funds, or by such other methods as may be approved by the Board or the Chief Executive Officer or his delegatee or delegatees, as applicable and (b) a written notice to STERIS identifying this Agreement and specifying the number of Common Shares as to which the Option is being exercised. The Common Shares to which Optionee is entitled upon exercise of the Option shall not be represented by certificates unless otherwise provided by resolution of the Board of STERIS or required by law, but STERIS shall cause such Common Shares to be registered in the name of Optionee or Optionee's nominee in STERIS's stock registry promptly following exercise.

8. *Certain Determinations*. Application, violation, or other interpretation of the terms of this Agreement, the Nondisclosure Agreement, the Plan, the Policy, any Prior Agreement, or any STERIS policy shall be determined by the Board or the Chief Executive Officer or his delegatee or delegatees, if applicable, in their sole discretion, and such determination shall be final and binding on Optionee.

9. *Termination of the Plan; No Right to Future Grants; No Right of Employment; Extraordinary Item of Compensation*. By entering into this Agreement, Optionee acknowledges: (a) that the Plan is discretionary in nature and may be suspended or terminated by STERIS at any time; (b) that the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (c) that all determinations with respect to any such future grants, including, but not limited to, the times when each option shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of STERIS; (d) that Optionee's participation in the Plan shall not create a right to further employment with Optionee's employer and shall not interfere with the ability of Optionee's employer to terminate Optionee's employment relationship at any time with or without cause; (e) that Optionee's participation in the Plan is voluntary; (f) that the value of the Option is an extraordinary item of compensation which is outside the scope of Optionee's employment contract, if any; (g) that the Option is not part of normal and expected compensation for purposes of any other employee benefit plan or program of STERIS, including for purposes of calculating any severance, resignation, redundancy, end of service, bonus, long-service, pension or retirement benefits or similar payments; (h) that the right to purchase stock ceases upon termination of employment for any reason except as may otherwise be explicitly provided in the Plan or this Agreement; (i) that the future value, if any, of the shares is unknown and cannot be predicted with certainty; (j) that, where Optionee's employer is a Subsidiary or affiliate of STERIS, the Option has been granted to Optionee in Optionee's status as an employee of such Subsidiary or affiliate, and the terms of this Agreement can be modified by STERIS to facilitate the issuance and administration of the award, and can in no event be understood or interpreted to mean that STERIS is Optionee's employer or that Optionee has an employment relationship with STERIS; (k) that neither STERIS nor Optionee's employer has any obligation to or intends to notify Optionee of any impending expiration or lapse of the Option or any other option granted to Optionee by STERIS, it being the responsibility of Optionee to remain informed of the same, and neither STERIS nor such employer shall have any liability to Optionee as a result of Optionee's failure to exercise the Option or any other option prior to the expiration or lapse thereof; and (l) that to the extent unvested, the Options have no value and if the underlying shares do not increase in value above the Option Price, vested Options will have no value.

10. *Employee Data Privacy*. By entering into the Agreement, and as a condition of the grant of the Option, Optionee consents to the collection, use and transfer of personal data as described in this Section 10. Optionee understands that STERIS and its Subsidiaries hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in STERIS, details of all Options or other evidence of shares of stock or options awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor, for the purpose of managing and administering the Plan ("Data"). Optionee further understands that STERIS and/or its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of the Optionee's participation in the Plan, and that STERIS and/or its Subsidiaries may each further transfer Data to any third parties assisting STERIS in the implementation, administration and management of the Plan ("Data Recipients"). Optionee understands that these Data Recipients may be located in Optionee's country of residence, the European Economic Area, and in countries outside the European Economic Area, including the United States. Optionee authorizes the Data Recipients to receive, possess, use, retain and transfer Data in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any transfer of such Data, as may be necessary or appropriate for the administration of the Plan and/or the subsequent holding of shares of stock on Optionee's behalf, to a broker or third party with whom the shares acquired on exercise may be deposited. Optionee understands that he or she may, at any time, review the Data, require any necessary amendments to it or withdraw the consent herein by notifying STERIS in writing. Optionee further understands that withdrawing consent may affect Optionee's ability to participate in the Plan, at the sole discretion of the Board or the Chief Executive Officer or his delegatee or delegatees, if applicable.

11. *Relation to Plan*. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

12. *Amendments.* Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall have a material adverse effect on the rights of Optionee under this Agreement without Optionee's consent.

13. *Severability*. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid while accomplishing the most similar purpose.

14. *Governing Law*. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Ohio, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction. Any unresolved dispute relating to this Agreement shall be submitted exclusively to the jurisdiction of the courts of Lake County Ohio.

15. *Miscellaneous*. Nothing contained in this Agreement shall be understood as conferring on Optionee any right to continue as an employee of STERIS or any Subsidiary or affiliate. STERIS reserves the right to correct any clerical, typographical, or other error in this Agreement or otherwise with respect to this grant. This Agreement shall inure to the benefit of and be binding upon its parties and their respective heirs, executors, administrators, successors, and assigns, but the Option shall not be transferable by Optionee other than as provided in Section 17 of the Plan.

16. *Qualifying Retirement.* Pursuant to Section 11 of the Plan, the Board hereby consents to the Optionee's Qualifying Retirement if, at the time that the Optionee terminates service with the Company, the Optionee satisfies the requirements of Section 11(b)(iii) of the Plan other than the requirement of the Board having consented thereto (which consent is hereby given). Notwithstanding Section 11(b)(i) of the Plan, for purposes of this Agreement and for purposes of the Option and the Plan provisions relating to this Agreement and the Option that use the term "Extended Exercise Period", "Extended Exercise Period" means the period that begins on the date of retirement and ends on the expiration date of the Option.

STERIS has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has entered into this Agreement and accepted all terms and conditions thereof by electronic acceptance and/or by the signed Acknowledgment, either of which has the same force and binding effect as if this Agreement were physically signed by Optionee, all as of the Date of Grant.

Optionee

Signature by electronic acceptance and/or execution of the Acknowledgment and Acceptance form.

STERIS Corporation

By: _____

EXHIBIT 10.14

STERIS CORPORATION
FORM OF NONQUALIFIED STOCK OPTION AGREEMENT FOR EMPLOYEES – _____

This Agreement ("Agreement") is between STERIS Corporation ("STERIS") and Optionee, with respect to the grant of a Nonqualified Stock Option by STERIS to Optionee pursuant to the STERIS Corporation 2006 Long-Term Equity Incentive Plan, as Amended and Restated Effective July 28, 2011, and as further amended from time to time (the "Plan").

1. *Grant of Option*. STERIS hereby grants to Optionee, as of the date ("Date of Grant") set forth above and in the Acknowledgment and Acceptance Form accompanying this Agreement ("Acknowledgment") an option (the "Option") to purchase all or any number of an aggregate of STERIS Common Shares as previously disclosed to Optionee and as reflected in the records of STERIS as granted as of the Date of Grant, at an exercise price of the closing sales price per share of STERIS's Common Shares as of the Date of Grant and as reported on the New York Stock Exchange Composite Tape (the "Option Price"), upon and subject to the terms of this Agreement and the Plan.

2. *Documents Delivered with Agreement.* STERIS has delivered or made available to the Optionee, along with this Agreement, the following documents: (a) STERIS's Policy Prohibiting the Improper Use of Material Non-Public Information (the "Policy"); (b) the Plan and its related Prospectus; (c) the Nondisclosure and Noncompetition Agreement to be entered into between STERIS and Optionee (the "Nondisclosure Agreement"); (d) the Acknowledgment; and (e) STERIS's most recent Annual Report to Shareholders and Form 10-K filed with the US Securities and Exchange Commission. Acceptance and compliance with these documents is a condition to the effectiveness of this grant of nonqualified stock options. By accepting this Agreement or executing the Acknowledgment, the Optionee acknowledges receipt, review and acceptance of these documents and compliance with their terms. Furthermore, as a condition of the grant of this Option, STERIS in its discretion, may require Optionee to return an executed copy of the Acknowledgement in such format as STERIS may require.

3. *Terms and Conditions of Option.* The Option is a Nonqualified Option and shall not be treated as an Incentive Stock Option. In addition to this Agreement, the Option shall also be subject to all of the terms and conditions of the Policy and Plan. The Option shall be effective upon the Optionee's acceptance of this Agreement and the Nondisclosure Agreement, both of which shall be conclusively deemed to have occurred either upon electronic acceptance or STERIS's receipt of the signed Acknowledgment. If Optionee violates the terms of the Policy, the Plan, this Agreement, the Nondisclosure Agreement, or any agreement with similar terms previously entered into by Optionee (collectively "Prior Agreements"), any and all options to purchase Common Shares that were granted by STERIS to Optionee (including the Option granted by this Agreement or any Prior Agreements) shall be forfeited, void, and of no further force and effect. Also, by accepting this Option, Optionee agrees that the Board or Chief Executive Officer of STERIS or his delegatee or delegatees may require the Optionee to use a specific broker dealer for the exercise and sale of the STERIS Common Shares subject to this Option or subject to any other option previously granted by STERIS to Optionee.

4. *Term of Option.* Unless earlier terminated pursuant to Section 11 of the Plan, the Option shall terminate at the close of business on, and shall not be exercisable at any time after, the tenth (10th) anniversary of the Date of Grant.

5. *Vesting.* So long as Optionee remains in the employ of STERIS or a Subsidiary, but subject to the terms of this Agreement and the Plan, the Option shall vest on_____; provided, however, the provisions of Section 11 (d)(ii) of the Plan regarding immediate exercisability of Option Rights shall apply to the Option only if Optionee dies while in the service of STERIS or any Subsidiary.

6. *Exercise of Vested Option*. Except as otherwise provided in Section 11 of the Plan, the rules of which, as modified hereby, shall apply to this Agreement including as described in Section 16 of this Agreement, the Option shall be exercisable only while Optionee is in the employ of STERIS or a Subsidiary. To the extent exercisable under this Agreement, the Option may be exercised from time to time in whole or in part.

7. *Method of Exercise*. A request to exercise the Option requires delivery of (a) the Option Price payable in cash or by check acceptable to the Company or by wire transfer of immediately available funds, or by such other methods as may be approved by the Board or the Chief Executive Officer or his delegatee or delegatees, as applicable and (b) a written notice to STERIS identifying this Agreement and specifying the number of Common Shares as to which the Option is being exercised. The Common Shares to which Optionee is entitled upon exercise of the Option shall not be represented by certificates unless otherwise provided by resolution of the Board of STERIS or required by law, but STERIS shall cause such Common Shares to be registered in the name of Optionee or Optionee's nominee in STERIS's stock registry promptly following exercise.

8. *Certain Determinations*. Application, violation, or other interpretation of the terms of this Agreement, the Nondisclosure Agreement, the Plan, the Policy, any Prior Agreement, or any STERIS policy shall be determined by the Board or the Chief Executive Officer or his delegatee or delegatees, if applicable, in their sole discretion, and such determination shall be final and binding on Optionee.

9. *Termination of the Plan; No Right to Future Grants; No Right of Employment; Extraordinary Item of Compensation*. By entering into this Agreement, Optionee acknowledges: (a) that the Plan is discretionary in nature and may be suspended or terminated by STERIS at any time; (b) that the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (c) that all determinations with respect to any such future grants, including, but not limited to, the times when each option shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of STERIS; (d) that Optionee's participation in the Plan shall not create a right to further employment with Optionee's employer and shall not interfere with the ability of Optionee's employer to terminate Optionee's employment relationship at any time with or without cause; (e) that Optionee's participation in the Plan is voluntary; (f) that the value of the Option is an extraordinary item of compensation which is outside the scope of Optionee's employment contract, if any; (g) that the Option is not part of normal and expected compensation for purposes of any other employee benefit plan or program of STERIS, including for purposes of calculating any severance, resignation, redundancy, end of service, bonus, long-service, pension or retirement benefits or similar payments; (h) that the right to purchase stock ceases upon termination of employment for any reason except as may otherwise be explicitly provided in the Plan or this Agreement; (i) that the future value, if any, of the shares is unknown and cannot be predicted with certainty; (j) that, where Optionee's employer is a Subsidiary or affiliate of STERIS, the Option has been granted to Optionee in Optionee's status as an employee of such Subsidiary or affiliate, and the terms of this Agreement can be modified by STERIS to facilitate the issuance and administration of the award, and can in no event be understood or interpreted to mean that STERIS is Optionee's employer or that Optionee has an employment relationship with STERIS; (k) that neither STERIS nor Optionee's employer has any obligation to or intends to notify Optionee of any impending expiration or lapse of the Option or any other option granted to Optionee by STERIS, it being the responsibility of Optionee to remain informed of the same, and neither STERIS nor such employer shall have any liability to Optionee as a result of Optionee's failure to exercise the Option or any other option prior to the expiration or lapse thereof; and (l) that to the extent unvested, the Options have no value and if the underlying shares do not increase in value above the Option Price, vested Options will have no value.

10. *Employee Data Privacy*. By entering into the Agreement, and as a condition of the grant of the Option, Optionee consents to the collection, use and transfer of personal data as described in this Section 10. Optionee understands that STERIS and its Subsidiaries hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in STERIS, details of all Options or other evidence of shares of stock or options awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor, for the purpose of managing and administering the Plan ("Data"). Optionee further understands that STERIS and/or its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of the Optionee's participation in the Plan, and that STERIS and/or its Subsidiaries may each further transfer Data to any third parties assisting STERIS in the implementation, administration and management of the Plan ("Data Recipients"). Optionee understands that these Data Recipients may be located in Optionee's country of residence, the European Economic Area, and in countries outside the European Economic Area, including the United States. Optionee authorizes the Data Recipients to receive, possess, use, retain and transfer Data in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any transfer of such Data, as may be necessary or appropriate for the administration of the Plan and/or the subsequent holding of shares of stock on Optionee's behalf, to a broker or third party with whom the shares acquired on exercise may be deposited. Optionee understands that he or she may, at any time, review the Data, require any necessary amendments to

it or withdraw the consent herein by notifying STERIS in writing. Optionee further understands that withdrawing consent may affect Optionee's ability to participate in the Plan, at the sole discretion of the Board or the Chief Executive Officer or his delegatee or delegatees, if applicable.

11. *Relation to Plan*. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

12. *Amendments*. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall have a material adverse effect on the rights of Optionee under this Agreement without Optionee's consent.

13. *Severability*. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid while accomplishing the most similar purpose.

14. *Governing Law*. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Ohio, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction. Any unresolved dispute relating to this Agreement shall be submitted exclusively to the jurisdiction of the courts of Lake County Ohio.

15. *Miscellaneous*. Nothing contained in this Agreement shall be understood as conferring on Optionee any right to continue as an employee of STERIS or any Subsidiary or affiliate. STERIS reserves the right to correct any clerical, typographical, or other error in this Agreement or otherwise with respect to this grant. This Agreement shall inure to the benefit of and be binding upon its parties and their respective heirs, executors, administrators, successors, and assigns, but the Option shall not be transferable by Optionee other than as provided in Section 17 of the Plan.

16. *Qualifying Retirement*. Pursuant to Section 11 of the Plan, the Board hereby consents to the Optionee's Qualifying Retirement if, at the time that the Optionee terminates service with the Company, the Optionee satisfies the requirements of Section 11(b)(iii) of the Plan other than the requirement of the Board having consented thereto (which consent is hereby given). Notwithstanding Section 11(b)(i) of the Plan, for purposes of this Agreement and for purposes of the Option and the Plan provisions relating to this Agreement and the Option that use the term "Extended Exercise Period", "Extended Exercise Period" means the period that begins on the date of retirement and ends on the expiration date of the Option.

STERIS has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has entered into this Agreement and accepted all terms and conditions thereof by electronic acceptance and/or by the signed Acknowledgment, either of which has the same force and binding effect as if this Agreement were physically signed by Optionee, all as of the Date of Grant.

STERIS Corporation **Optionee**

By: _____ **Signature by electronic acceptance and/or execution of the Acknowledgement and Acceptance form.**

Exhibit 15.1

LETTER OF ERNST & YOUNG LLP REGARDING UNAUDITED INTERIM FINANCIAL INFORMATION

Board of Directors and Shareholders
STERIS Corporation

We are aware of the incorporation by reference in the following Registration Statements and Post Effective Amendment and related Prospectuses of our report dated February 8, 2013 relating to the unaudited consolidated interim financial statements of STERIS Corporation and subsidiaries that are included in its Form 10-Q for the quarter ended December 31, 2012:

Registration Number	Description
333-32005	Form S-8 Registration Statement - STERIS Corporation 1997 Stock Option Plan
333-06529	Form S-3 Registration Statement - STERIS Corporation
333-01610	Post-effective Amendment to Form S-4 on Form S-8 - STERIS Corporation
33-55976	Form S-8 Registration Statement - STERIS Corporation 401(k) Plan
333-09733	Form S-8 Registration Statement - STERIS Corporation 401(k) Plan
333-101308	Form S-8 Registration Statement - STERIS Corporation 2002 Stock Option Plan
333-137167	Form S-8 Registration Statement - STERIS Corporation Deferred Compensation Plan
333-136239	Form S-8 Registration Statement - STERIS Corporation 2006 Long-Term Equity Incentive Plan
333-170884	Form S-8 Registration Statement - STERIS Corporation 401(k) Plan
333-176167	Form S-8 Registration Statement - STERIS Corporation 2006 Long-Term Equity Incentive Plan (as Amended and Restated Effective July 28, 2011)

/s/ Ernst & Young LLP

Cleveland, Ohio
February 8, 2013

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Walter M Rosebrough, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of STERIS Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2013

/s/ Walter M Rosebrough, Jr.

Walter M Rosebrough, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Michael J. Tokich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STERIS Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2013

/s/ Michael J. Tokich

Michael J. Tokich
Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to § 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of STERIS Corporation (the "Company") for the quarter ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ WALTER M ROSEBROUGH, JR.

Name: **Walter M Rosebrough, Jr.**
Title: **President and Chief Executive Officer**

/s/ MICHAEL J. TOKICH

Name: **Michael J. Tokich**
Title: **Senior Vice President and Chief Financial Officer**

Dated: February 8, 2013